BUS. ADM.
LIBRARY

JAN 23 1942

Final Edition

THURSDAY

In 2 Sections — Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 155 Number 4036

New York, N. Y., Thursday, January 22, 1942

Price 60 Cents a Copy

Treasury Arranges For Dealers And Others To Qualify As Defense Bond Issuing Agents

The Treasury Department announced on Jan. 18 that, as a result of the offer by officials of various securities and investment organizations to aid in providing a larger number of issuing agents for Series E defense savings bonds, arrangements have been completed so that clearing corporations of recognized securities exchanges and properly qualified members of the recognized securities and investment organizations may now be designated as such issuing agents.

The parent organizations which have been most active in this matter are the New York Stock Exchange, the Investment Bankers' Association of America, the National Association of Securities Dealers, Inc., the Association of Stock Exchange Firms, and the group of recognized dealers in United States securities.

The following officials of these organizations conducted the negotiations with the Treasury Department:

John S. Fleek, President of the Investment Bankers' Association of America.

Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, Inc.

James F. Burns, Jr., President of the Association of Stock Exchange Firms.

Emil Schram, President of the New York Stock Exchange.

Dominic W. Rich, representing the group of recognized dealers in United States Government securities.

It is stated that the securities clearing organizations and qualified member firms or corporations of securities and investment associations which wish to qualify may do so through the Federal Reserve bank in the Reserve districts where they are located. In a general way the basic requirements for qualification as an issuing agent for a member firm or corporation is to be in good standing in its association or exchange, and to deposit under suitable regulations with the Federal Reserve Bank the sum of $25,000 or the equivalent in approved securities.

Whether or not a member firm or corporation acts as an issuing agent will not in any way affect its continuing to give information and to help with the sales of all series of defense savings bonds, officials of that organization said.

The following statement, signed by Messrs. Burns, Fleek, Schram and H. H. Dewar, Chairman of the Board of Governors of the National Association of Securities Dealers, Inc., was issued on Jan. 18 following the Treasury announcement of plans for their greater activity in the defense bond program.

> The President of the United States has told us what the war means in terms of planes, tanks, ships, guns and other war material. He has told the nation the cost in dollars. He has commanded the nation to raise its sights all along the production line. Money, management, men, machines, and materials, all

(Continued on Page 322)

Federal Reserve Board Reports Industrial Activity Decline Less Than Seasonal

Industrial activity declined less than seasonally in December and the first half of January, retail trade continued in large volume, and prices of many commodities rose further, reports the Board of Governors of the Federal Reserve System in its monthly summary of general business and financial conditions in the United States, issued Jan. 21. The Board's summary further states:

Production

In December total volume of industrial output declined less than is usual at this season and the Board's adjusted index rose further to 168% of the 1935-1939 average. In the armament industries output continued to advance and at machinery plants activity rose sharply, following little change in November. Output of materials, such as iron and steel and nonferrous metals, continued at peak levels and lumber production showed less than the usual seasonal decrease. Automobile production declined sharply in the latter half of December, following announcement of sharp reductions in passenger car quotas, but early in January quotas for that month were increased and output rose considerably. Sales of new automobiles to civilians were halted at the beginning of January pending the establishment of a rationing system.

Textile production declined somewhat in December owing to a reduction in activity at cotton mills from the record level reached in November. Output of wool and rayon textiles was sustained at about capacity. Output of manufactured food products and shoe production showed about the customary seasonal declines. Coal output decreased somewhat in December, while petroleum production and mining of nonferrous metals were maintained at the high November rate.

Value of construction contracts awarded in December declined less than is usual at this time of year, according to figures of the F. W. Dodge Corp. Awards for public projects showed little change, while those for residential construction declined less than seasonally following a considerable reduction in November.

Distribution

Volume of retail trade, which had been large during most of the autumn, increased less than seasonally in December. This reflected to some extent a temporary slackening in sales around the middle of the month following this country's entry into the war. In the first half of January sales at department stores showed less than the customary sharp reduction from the Christmas buying peak and were at a level substantially higher in comparison with a year ago than that prevailing in other recent months.

(Continued on Page 319)

INDEX

Page
Our Reporter's Report 313
Bank and Insurance Stocks 318
Calendar of New Security Flotations 325
Investment Trusts 319
Municipal News and Notes 320
Personnel Items 316
Railroad Securities 317
Securities Salesman's Corner (The) 322
Tomorrow's Markets—Walter Whyte Says 317
Bond Selector (The) 322
Whisperings 324
Our Reporter on Governments 328
Uptown After 3 324
Jottings 316
Over-The-Counter Dealers Must Unite 319
Treasury Arranges for Dealers, Others to Qualify As Defense Bond Issuing Agents 313
Industrial Activity Down Less Than Seasonally 313

OUR REPORTER'S REPORT

The experience of the Louisville Gas and Electric Company, in its attempt to market directly 150,000 shares of its own common stock, suggests that investment bankers and dealers throughout the Nation have a real service to offer the corporation seeking funds via the sale of securities.

The company undertook, early in May last year, to market the stock through the medium of direct sale to its customers without the assistance of investment dealers, after the Securities and Exchange Commission had promulgated its "competitive bidding rule" for all utility securities.

At the time the dealers in the area raised considerable objec-

(Continued on Page 318)

BROOKLYN TRUST COMPANY
Chartered 1866
George V. McLaughlin
President
NEW YORK BROOKLYN
Member Federal Deposit Insurance Corporation

THE CANADIAN BANK OF COMMERCE
HEAD OFFICE: TORONTO
Established 1867
Paid-Up Capital $30,000,000
Reserve 20,000,000
This Bank is in close touch with the commercial and financial life of Canada and is well equipped to serve corporations, firms and individuals interested in Canadian business.
Branches in every important city and town in Canada and Newfoundland, also in Portland, Oregon; San Francisco; Seattle; Los Angeles; London, England; Havana; Kingston, Jamaica; Bridgetown, Barbados, and Port of Spain, Trinidad.
NEW YORK AGENCY
Exchange Pl. & Hanover St.

CARL M. LOEB, RHOADES & CO.
61 BROADWAY
NEW YORK
London Buenos Aires

R. H. JOHNSON & CO.
INVESTMENT SECURITIES
64 Wall Street
New York
BOSTON PHILADELPHIA
Troy Albany Williamsport
Pittsburgh Watertown
Wilkes-Barre

Over-the-Counter Securities
Kobbé, Gearhart & Co.
INCORPORATED
Members N. Y. Security Dealers Ass'n
45 Nassau Street New York
Tel. Rector 2-3600 Teletype N. Y. 1-576

THE NEW YORK TRUST COMPANY
Capital Funds . $37,500,000
100 BROADWAY
MADISON AVENUE AND 40TH STREET
TEN ROCKEFELLER PLAZA
Member of the Federal Deposit Insurance Corporation

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
Broaden your customer service with Chase correspondent facilities
Member Federal Deposit Insurance Corporation

F. H. PRINCE
BANKERS
PROVIDENCE, RHODE ISLAND
HIGH-GRADE INVESTMENTS
Members
New York, Chicago & Boston Stock Exchanges

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
HART SMITH & CO.
Members
New York Security Dealers Assn.
52 WILLIAM ST., N. Y. HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

BANK AND INSURANCE STOCKS
The FIRST BOSTON CORPORATION
NEW YORK BOSTON
CHICAGO
PHILADELPHIA SAN FRANCISCO
AND OTHER PRINCIPAL CITIES

FINCH, WILSON & CO.
Members New York Stock Exchange
Commission Orders Carefully Executed for Institutions and Individuals
120 BROADWAY, NEW YORK

MARKETS FOR MORTGAGE CERTIFICATES
issued by
BOND & MORTGAGE GUAR. CO.
HOME TITLE INSURANCE CO.
LAWYERS MORTGAGE CO.
LAWYERS TITLE & GUAR. CO.
N. Y. TITLE & MORTGAGE CO.
STATE TITLE & MORTGAGE CO.
TITLE GUARANTEE & TRUST CO.
All other local companies
Newburger, Loeb & Co.
Members New York Stock Exchange
40 Wall St., N.Y. WHitehall 4-6300
Bell Teletype NY 1-2033
Philadelphia Atlantic City Lebanon

Eastern Sugar Associates
Punta Alegre Sugar
Vertientes Camaguey Sugar
West Indies Sugar
J. F. Reilly & Co.
Members
New York Security Dealers Assn.
50 Broad St., New York, N. Y.
HAnover 2-4660
Bell System Teletype, N. Y. 1-2480

Sharon Optical
Potrero Sugar Pfd.
Minneapolis Gas Light 4-50
Western Lt. Tel. Com. & Pfd.
61 Broadway 4-50 w. s.
Great Lakes Utility 5½ - 42
Circle Theatre 6-46
Frank C. Masterson & Co.
Members New York Curb Exchange
64 WALL ST NEW YORK
Teletype NY 1-1140 HAnover 2-9470

Phila. & Read. C. & I. 5s, 1973 C/Ds
Phila. & Read. C. & I. 6s 1949
Stevens & Thompson Paper 3½s, 1958
Stevens & Thompson Paper Common
Houston Oil Co. Preferred
Tudor City Units
All Westchester County Mortgage Certificates and Bank Stocks
Schoonover, deWillers & Co.
INC.
120 BROADWAY NEW YORK, N.Y. REctor 2-7634
20 S. BROADWAY YONKERS, N.Y. MArble 7-8500
Bell Teletype NY 1-2361

OFFERINGS WANTED
Arkansas Highway 3s & 3¼s
Consolidated Coal Com. (St. L.)
Missouri Utilities Com. & Pfd.
Missouri Power & Light Pfd.
EDWARD D. JONES & CO.
Established 1922
Boatmen's Bank Building, ST. LOUIS
Members
New York Stock Exchange
St. Louis Stock Exchange
Chicago Stk. Exch. Chicago Bd. of Trade
Assoc. Member Chicago Mercantile Exch.
New York Curb Exchange Associate
Phone CEntral 7600
Postal Long Distance
Bell Teletype—ST L 593

Jersey Central Power & Light
5½%, 6% & 7% Pfds.
Kings County Lighting
5% & 7% Pfds.
Mississippi Power & Light
$6 Pfd.
New England Public Service
All Pfds.
Northeastern Water & Electric
$4 Pfd.
G. A. Saxton & Co., Inc.
70 PINE ST., N. Y. WHitehall 4-4970
Teletype NY 1-609
NEW YORK BOSTON

DOMINICK & DOMINICK
Members New York Stock Exchange
ANNOUNCE
THE REMOVAL OF THEIR OFFICES TO
14 WALL STREET
NEW YORK
January 19, 1942 BArclay 7-4600

Musson, Chairman NSTA Municipal Committee; DeWillers Heads Publicity With R. Gottron

It has been announced by Herbert H. Blizzard, of Herbert H. Blizzard & Co., Philadelphia, President of the National Security Traders' Association, that the Municipal Bond Committee and the Publicity Committee have been named for the present year. The Municipal Committee has as its Chairman, James F. Musson of B. J. Van Ingen & Co., Inc., New York, and Russell M. Dotts of Bioren & Co., Philadelphia, as Vice-Chairman. Mr. Musson has named on his committee, a municipal bond specialist from each of the twenty-two affiliates of the National Security Traders' Association.

Chester E. deWillers

Russell M. Dotts

James T. Musson

Chester E. deWillers of Schoonover, deWillers & Co., Inc., of New York, has been named Chairman of the National Publicity Committee, and Richard Gottron of Gillis Russell & Co., Cleveland, as Co-Chairman for the Convention City.

Members of the Municipal Bond Committee are: Chairman, James F. Musson, B. J. Van Ingen & Co., Inc., New York, N. Y.; Vice-Chairman, Russell M. Dotts, Bioren & Co., Philadelphia, Pa.; Robert A. Warren, Baker, Watts & Co., Baltimore, Md.; Stanley G. McKie, The Weil, Roth & Irving Co., Cincinnati, Ohio; Ernest D. Willer, The Boatmen's National Bank, St. Louis, Mo.; Ray V. Condon, V. P. Oatis & Co., Inc., Chicago, Ill.; Carl H. Doerge, William J. Mericka & Co., Inc., Cleveland, Ohio; Edwin F. Foley, Kaiser & Co., San Francisco, Calif.; Paul O. Frederick, Commerce Union Bank, Nashville, Tenn.; Thomas Graham, The Bankers Bond Co., Inc., Louisville, Ky.; Robert Harkness, Hawkins & Co., Boston, Mass.; Walter D. Kingston, Lamar, Kingston & Labouisse, New Orleans, La.; F. Thomas Kemp, Thomas Kemp & Co., Los Angeles, Calif.; Edward J. Knight, Wells-Dickey Company, Minneapolis, Minn.; June S. Jones, Atkinson, Jones & Co., Portland, Oregon; Frank P. Meyer, First of Michigan Corp., Detroit, Michigan; Roger S. Phelps, Campbell, Phelps & Co., New York, N. Y.; Josef C. Phillips, Drumheller, Ehrlichman & Co., Seattle, Wash.; Clyde C. Pierce, Clyde C. Pierce Corp., Jacksonville, Fla.; George V. Rotan, George V. Rotan Co., Houston, Texas; Walter W. Stebbens, The Wisconsin Company, Milwaukee, Wisconsin; Ludwell A. Strader, Scott, Horner & Mason, Inc., Lynchburg, Va.; Andrew L. Tackus, Putnam & Co., Hartford, Conn.; Jerry C. Vasconcells, Vasconcells, Hicks & Co., Denver, Colorado.

Twin City Bond Traders Incorporate Association

MINNEAPOLIS, MINN.—At the annual mid-winter meeting of the Twin City Bond Traders Club, articles of incorporation for the organization were signed for the organization. Officers of the club are: Joyce S. Finrud, First National Bank & Trust Co. of Minneapolis, President; George V. Jackish, Harris, Upham & Co., Vice-President; E. Byron Kairies, Merrill Lynch, Pierce, Fenner & Beane, Secretary, and Carroll H. Babcock, Jr., Piper, Jaffray & Hopwood, Treasurer.

Trading Markets in
Bank Stocks
Insurance Stocks
Amerex Holding
American Cyanamid Pfd.
Northeastern Water & Elec., Pfd.
Public Service Ind., Com. & Pfd.
Talon, Inc.
Frederic H. Hatch & Co.
Incorporated
Members New York Security Dealers Association
63 Wall St., New York, N. Y. Bell Teletype NY 1-897

American Cyanamid 5% Pfd.
U. S. Lines (Nevada) Pfd.
Walworth Co. Pfd.
McDONNELL & Co.
Members New York Stock Exchange
120 BROADWAY NEW YORK
REctor 2-7815

Merrill Lynch Launches Defense Bond Drive

What is believed to constitute the most comprehensive integrated plan for merchandising of Defense Bonds by a private organization has been launched by the country's largest Stock Exchange firm—Merrill Lynch, Pierce, Fenner & Beane, through its 93 offices in cities throughout the country. The plan, sanctioned by the Treasury Department, emphasizes Defense Bonds primarily as an investment, on the theory that a greater investor appeal can be made on this basis than by patriotic argument alone.

Posters, circulars, letters, advertisements and bulletins comprise the Defense Bond "merchandising kit" which the firm's various offices and some 600 account executives will use in promoting the sale of Defense Bonds as the country's No. 1 investment. Approximately 175,000 customers and other friends of the Merrill Lynch organization over the country will be contacted or solicited directly, while the effect of the advertising and other promotional work should be to create investment interest in Defense Bonds among many thousands of other investors, present or potential.

S. E. Ass'n Favors New Commission Rates

James F. Burns, Jr., President of the Association of Stock Exchange Firms, advised the membership today of the attitude of the Board of Governors of the Association towards a revision of commission rates. It is the attitude of the Association that the present schedule is "a poor heritage of former days and both overcharges and under-charges under various conditions," he said.

"A readjustment of rates is necessary to maintain the health and vigor of the nation's financial system, of which the exchanges are a vital part," Mr. Burns stated. "Smaller volume, together with higher costs brought about by increased wages to employees to meet rising costs of living, additional Social Security taxes, etc., make revision desirable," he added.

Schwartz Elected Pres. of San Francisco S. E.

SAN FRANCISCO, CALIF.—Sidney L. Schwartz, senior partner in Sutro & Co., has been elected President of the San Francisco Stock Exchange, succeeding George N. Keyston. This is the eighth time that Mr. Schwartz, an Exchange member since 1937, has held the office. Frank M. Dwyer, Dwyer and Parrish, was named Vice-President. Newly elected members of the governing board are B. J. Frankenheimer, John D. Stern & Co.; Martin C. Wade, Jr., Wade-Lewin & Co., and G. Willard Miller, Dean Witter & Co. Two hold-over members, Victor T. Maxwell, Shaw, Hooker & Co., and Robert F. Mulvany, Irving Lundborg & Co., with the President and Vice-President complete the board.

Worthwhile Checking:
Differential Wheel Corp.
Common & V.T.C.
KATZ BROS.
Established 1920
Members New York Security Dealers Ass'n
40 Exchange Pl., N.Y. HA 2-2772
BELL TELETYPE NY 1-423

Alabama
and
Louisiana
Securities
STEINER, ROUSE & Co.
Members New York Stock Exchange
Maritime Bldg. Brown-Marx Bldg.
New Orleans, La. Birmingham, Ala.
Direct Wire BH 198
25 Broad St.
New York, N. Y.
NY 1-1557

Triumph Explosives
Common
Triumph Explosives
Warrants
National Airlines
Trading Department
DURYEA & CO.
Members New York Stock Exchange
65 BROADWAY, NEW YORK, N. Y.
Teletype NY 1-1702
Tel. WHitehall 4-0488-89-90-91

Nat'l Fireproofing 5s & Com.
South Coast Corp. 6s & Pfd.
Poli New England Theatre 5s
Fulton Iron Works 6s, Pfd. & Com.
A. P. W. Properties "A"
Phila. Dairy Products Pfd. & Com.
Southwest Lumber Mills 5s & Com
Industrial Real Estate Trust 3s w. s.
HARRY PARKER Co.
74 Trinity Place, New York, N. Y.
Phone WHitehall 4-8565
Teletype NY 1-1102

Bertram Smith Joins Jenks Kirkland Co.

PHILADELPHIA, PA. — Bertram Smith has become associated with Jenks, Kirkland & Co., 1421 Chestnut Street, members of the New York and Philadelphia Stock Exchanges, as manager of their municipal bond department. Mr. Smith was formerly with Barclay, Moore & Co. for 10 years, and prior thereto was President of Smith, Schumacker & Co., Inc.

Edward C. Hamstrom retired from partnership in Jenks, Kirkland & Co. on Jan. 1.

Cinti Stock & Bond Club Names Officers

CINCINNATI, OHIO—The Cincinnati Stock & Bond Club, Inc., has elected the following officers for 1942:

President: John E. Joseph, John E. Joseph & Co.

First Vice-President: Paul Glenn, Edw. Brockhaus & Co.

Second Vice-President: George H. Phillips, W. L. Lyons & Co.

Treasurer: Chas. H. Snyder, J. E. Bennett & Co.

Secretary: James E. Madigan, W. E. Fox & Co., Inc.

COMMERCIAL and
FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341

Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager

Thursday, January 22, 1942

Published three times a week [every Thursday (general news and advertising issue) with statistical issues on Tuesday and Saturday]

Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Copyright 1942 by William B. Dana Company.

Reentered as second-class matter September 12, 1941, at the post office at New York, N. Y., under the Act of Mar. 8, 1879.

Subscriptions in United States and Possessions $26.00 per year, $15.00 for 6 months; in Dominion of Canada, $27.50 per year, $15.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $29.50 per year, $16.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year, $17.50 for 6 months. NOTE: On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

To The Institutional Seller:

We are equipped to liquidate blocks of underlying, inactive railroad bonds.

Inquiries invited

B.W. Pizzini & Co.
GUARANTEED RAILROAD STOCKS-BONDS
Telephone BO. Gr. 9-6400 52 Broadway NEW YORK Teletype N.Y. 1-1063

Chicago Bond Traders To Hold Annual Dinner

CHICAGO, ILL.—The Bond Traders Club of Chicago annual dinner will be held Tuesday, Feb. 3, at the Grand Ballroom in the Palmer House. The 250 members will be augmented by representations from Kansas City and St. Louis, Missouri, who are holding their dinners the Thursday and Friday following, and other cities in this territory. The new officers, headed by Henri Pulver, Goodbody and Co., President, will be presented to members and guests at that time. Herbert Blizzard, President of the National Security Traders Association, and officers of other affiliated groups will also be present.

Those interested in making the loop to Kansas City and St. Louis following the dinner in Chicago can receive information from Ed Welch, Sincere and Co., on an all-expense tour.

Early reservations are suggested and can be made through Paul J. Skepnek, Rogers and Tracy, Inc.

Dabney Merging With Townsend, Anthony

BOSTON, MASS.—Following the dissolution of F. L. Dabney & Co. on Jan. 31, Russell Coolidge, Thomas N. Dabney and William T. Glidden, Jr., will become partners in Townsend, Anthony & Tyson, 30 State Street, and the firm name will be changed to Townsend, Dabney & Tyson, as of Feb. 2.

Townsend, Anthony & Tyson and F. L. Dabney & Co. are among the oldest investment houses in Boston. With the admission of the former Dabney partners, the new organization will acquire additional memberships in the New York and Boston Stock Exchanges and the New York Curb.

N. Y. Finance Institute Offers Spring Courses

The New York Institute of Finance, successor to the New York Stock Exchange Institute, is now holding registration for the Spring term, beginning the week of Feb. 2. Registration closes Jan. 23.

In addition to courses in general business, subjects and specialized subjects pertaining to investment analysis, security brokerage and general finance, the Institute will offer courses in Business Forecasting, Commodity Price Forecasting, Current Monetary problems, Federal Regulation of the Securities Business, Public Utility Break-Up Values, Receivership Rails, and War Economics.

A special four-week course is being given from Feb. 3 to 24 on the preparation of individual income tax returns, under Dr. J. Stanley Halperin of New York University.

Additional information may be obtained from the Institute, 20 Broad Street, New York City.

Cgo S. E. Amendments Re Military Service

CHICAGO, ILL.—The Board of Governors of the Chicago Stock Exchange on Jan. 15 proposed to the membership an amendment to the Constitution of the Exchange which would waive annual dues of members engaged in active military or naval service of the United States or members devoting all their time to any public service incident to national defense.

The Board also recommended an amendment which would allow any member engaged in army, navy or other defense service of the United States, upon request and approval by the Board, to designate a general partner of such member to transact in his place and stead the usual business of such member on the floor of the Exchange.

If not disapproved by one-third of the members of the Exchange within one week, the proposed amendments become effective.

Brailsford, Rodger Co. Expand Trading Dept.

CHICAGO, ILL.—Brailsford, Rodger & Co., 208 South La Salle St., members of the Chicago Stock Exchange, announce an expansion of their present trading facilities by the opening of a general trading department under the direction of Edward M. Burke and Carl B. Ross.

Mr. Burke has been with Brailsford, Rodger & Co. for many years in charge of trading.

Mr. Ross' association with the firm was previously reported in the "Chronicle" of Jan. 15.

OUT-OF-TOWN DEALERS
We offer you the services of our
TRADING DEPARTMENT
on
Railroad - Industrial - Public Utility - Municipal ISSUES
Spencer Trask & Co.
25 Broad Street, New York
Telephone HAnover 2-4300 Teletype NY 1-5
Members New York Stock Exchange · *Members New York Curb Exchange*

Dewar Elected NASD Chairman; Other Officers Named At Meeting Of The Board Of Governors

H. H. Dewar, partner in Dewar, Robertson & Pancoast, of San Antonio, Texas, was elected Chairman of the National Association of Securities Dealers, Inc. at the final session of the Board of Governors, held at the Waldorf-Astoria Hotel in New York City. Mr. Dewar succeeds Robert W. Baird of the Wisconsin Company, Milwaukee.

H. H. Dewar

Lee M. Limbert, Blyth & Co., New York, was elected first Vice-Chairman for 1942 and Francis F. Patton, A. G. Becker & Co., Inc., Chicago, was named second Vice-Chairman. Robert W. Baird was chosen Treasurer, succeeding Laurence M. Marks, Laurence M. Marks & Co., New York, Wallace H. Fulton of Washington, D. C. will continue as executive director.

The executive committee will be composed of the officers, and Mark C. Elworthy, Elworthy & Co., San Francisco, and Hermann F. Clarke, Estabrook & Co., Boston.

Members of the Finance Committee appointed were William A. Fuller, Fuller, Cruttenden & Co., Chicago, Mr. Baird, and F. Edward Bosson, Putnam & Co., Hartford, Conn. Mr. Fulton is ex-officio member of the executive and finance committees.

At the meeting of the Board of Governors internal problems were discussed and plans formed whereby the association may be most effective in aiding in the sale of war obligations and Federal tax-anticipation notes, in conjunction with other associations of investment dealers. No formal announcement on the plans was made.

There was some informal discussion of the possibility of moving the Association's headquarters from Washington, and since there is a large amount of work done daily between the SEC and the NASD, it was thought that the NASD might also be moved to Philadelphia.

F. M. Law Appointed To Arbitration Panel

Cornelius Vanderbilt Whitney, President of the American Arbitration Association and Chairman of the Board of the Pan-American Airways, has announced the appointment of Francis M. Law, past President of the American Bankers Association, to the National Panel of Arbitrators of the Association. Mr. Law, who is President of the First National Bank, Houston, Texas, also formerly headed the Texas Bankers Association.

The Association, a national nonprofit organization, may call upon Mr. Law to act as impartial arbitrator under the organization's standard rules of arbitration in connection with any commercial or industrial controversies involving war material production. Membership in the Panel includes over eight thousand qualified and carefully selected educators, professional and business men—experts in their fields—in more than sixteen hundred cities from coast to coast. As a result of increased demands upon their facilities, the Association recently placed their Panel members on an emergency basis and opened their 31 Tribunals to all industry for the voluntary arbitration of any type of dispute which might delay war production.

Wm. Licklider With N. Y. Savings Bank

Wm. G. Green, President of New York Savings Bank, at Eighth Avenue corner of 14th Street, announced that William B. Licklider has been appointed to take charge of the bank's bond investments.

Mr. Licklider was associated for 10 years with Blyth & Co., Inc., and more recently with Harriman Ripley & Co., Inc.

We have an interest in the following Public Utility Common Stocks:
ARKANSAS-MISSOURI POWER CORP.
BLACK HILLS POWER & LIGHT CO.
IOWA PUBLIC SERVICE CO.
IOWA SOUTHERN UTILITIES CO.
MISSOURI UTILITIES CO.
NORTHERN NATURAL GAS CO.
PUBLIC SERVICE CO. OF INDIANA
SIOUX CITY GAS & ELECTRIC CO.
A.C. ALLYN AND COMPANY
Incorporated
CHICAGO NEW YORK

B. S. LICHTENSTEIN
AND COMPANY
THE $64 QUESTION!
This is the $64 Question: How can I get the best prices for those little traded securities? The answer is—Always check both the Services and Lichtenstein! Then take it or leave it! Maybe you'll hit the Jackpot too!
Obsolete Securities Dept.
99 WALL STREET, NEW YORK
Telephone: WHitehall 4-6551

Aldred Investment Trust
4½s, 1967
Reynolds Realization
5s, 1946
Indiana Limestone
6s, 1952
Joseph McManus & Co.
Members
New York Curb Exchange
Chicago Stock Exchange
39 Broadway, New York
DIgby 4-2290 Tele. NY 1-1610-11

We Are Specialists In
REAL ESTATE SECURITIES
Inquiries Invited In
Lawyers Mtge. Co. Ctfs.
Lawyers Title Co. Ctfs.
Bond & Mtge. Co. Ctfs.
and all other Title Co.'s
Bank Trust Participations
Complete Statistical Information
L. J. GOLDWATER & CO.
INC.
Members New York Security Dealers Assn.
39 Broadway, New York, N. Y.
HAnover 2-8970 Teletype NY 1-1203

New Orleans Great Northern
5s, 2032
Macfadden Pubs. Pfd. & Com.
Permutit Company
Galveston & Houston
ATLANTIC INVESTING CORPORATION
67 WALL ST., NEW YORK, N.Y.
Telephone—BOwling Green 9-3000
Teletype—NY 1-1628

JACOBS AIRCRAFT ENGINE CO.
CAPITAL STOCK
Prospectus on request
Norman Fernon & Co., Inc.
Investment Securities
1500 Walnut St., Philadelphia
New York Tele. REctor 2-0250
Philadelphia Tele. Kingsley 0500

Washington Gas
& Electric Company
All Issues
Bought—Sold—Quoted
R.E. SWART & Co.
INCORPORATED
40 EXCHANGE PLACE, NEW YORK
Tel.: HAnover 2-0510 Tele.: NY 1-1073

DIVIDEND NOTICES

INTERNATIONAL HARVESTER COMPANY

Quarterly dividend No. 94 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable March 2, 1942, has been declared to stockholders of record at the close of business February 5, 1942.

SANFORD B. WHITE, Secretary.

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on February 2, 1942, to stockholders of record on January 15, 1942. The transfer books will not close.

THOS. A. CLARK
December 23, 1941 TREASURER

J. F. Brown In Hospital

DENVER, COLO. — J. Fred Brown, a partner in Boettcher and Company, is in St. Luke's Hospital recovering from a motor accident.

Canadian Securities

Traded in U. S. Funds

F.W. Macdonald & Co.
Members Toronto Stock Exchange
41 Broad St., New York, N. Y.
HAnover 2-7673 Tele. NY 1-1619
Toronto New York

Carter & Co. To Admit Greeff To Partnership

Herbert B. Greeff will become a partner in Carter & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, on Feb. 1. In the past Mr. Greeff was a partner in Fellowes Davis & Co.

"JOTTINGS"

Don't take that Truman report on the arms program too much to heart, because: (1) it contained a good deal of hindsight, criticizing 1941 from a 1942 viewpoint; (2) some of the criticisms have been cleaned up; (3) criticism for failure to use little business and little firms (particularly in the aircraft industry) was probably laid on extra thick because it is good politics; and (4) some of the answers are now "restricted information," much of which, if released, would make pleasant reading. Slant of the report may be seen by one quotation in the report from General Arnold, calling a well-known model little better than a trainer now. The full quote gave quite a different and better impression; the committee had wrenched one sentence from its context.

The censorship setup is liked by the Washington newsmen and they cooperate. Some queer things happen. The Treasury informed the press that Mr. Morgenthau had gone to Hollywood Beach, Fla., for a vacation, but banned publication. Newsmen puzzled whether Mr. Morgenthau was now a military secret, or whether he just didn't think it would sound nice to go on vacation at this juncture; they finally took it up to censorship and the news was released. Again, you remember that front-page story of the Republic Thunderbolt (P-47) and how it could dive to a terminal velocity of 620 miles an hour or something. It was an accidental leak. From the 620 figure Axis agents could figure considerable about the plane's construction. Again, it appears that the censors will ban information in some papers they will pass in others. They appear, for instance, to feel that Axis intelligence men won't bother to read Wall Street publications.

One Washington view of the Nelson promotion is this. The President has been busy for a year or more getting us in the mood for war—too busy to pay much attention to the arms program. Also the international diplomatic situation was highly confusing and took much attention. Now things are simpler and he has more time—and he doesn't risk scaring people by vigorous measures of defense.

One opinion about Pearl Harbor is that the Navy should not be condemned until the Roberts report is heard. There were indications (some Pearl Harbor facts still remain restricted) that

(Continued on Page 327)

Notice to the Holders of:

Kingdom of Denmark

Twenty Year 6% External Gold Bonds, Due January 1, 1942
Thirty-Year 5½% External Loan Gold Bonds, Due August 1, 1955
Thirty-Four Year 4½% External Loan Gold Bonds, Due April 15, 1962

City of Copenhagen

Twenty-Five Year 5% Gold Bonds, Due June 1, 1952
Twenty-Five Year 4½% Gold Bonds, Due May 1, 1953

Danish Consolidated Municipal Loan

Thirty-Year 5½% External Sinking Fund Gold Bonds, Due November 1, 1955
Twenty-five Year 5% External Gold Bonds, Due February 1, 1953

Mortgage Bank of the Kingdom of Denmark

(Kongeriget Danmarks Hypotekbank)
Forty-five Year 5% Sinking Fund External Gold Bonds Series IX, of 1927
Due December 1, 1972

The undersigned Minister of Denmark in Washington makes the following statement for the information of bondholders of the above-described issues:

Existing conditions in Denmark, as referred to in my announcement of December 24, 1941, addressed to holders of Kingdom of Denmark Twenty Year 6% External Gold Bonds, due January 1, 1942, have made it impossible for the time being to meet the principal maturity of that issue. Having regard to this and to Denmark's desire of obviating preferential treatment of bonds of any one or more of the above-named loans, it is proposed that Danish Government funds in this country will not until further notice be available for making further sinking-fund or other payments on account of principal of any Danish dollar loan above referred to.

For the purpose of paying February 1, 1942 coupons of Kingdom of Denmark 5½% External Loan Gold Bonds, due August 1, 1955, and Danish Consolidated Municipal Loan Twenty-five Year 5% External Gold Bonds, due February 1, 1953, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

February 1, 1942 coupon payments will be subject to such licences as may be granted to paying-agents by the United States Treasury.

In conformity with my announcement of December 24, 1941, I purpose to make subsequent announcements with a view to keeping bondholders informed of further developments relating to the above-described loans.

HENRIK KAUFFMANN
Envoy Extraordinary and Minister Plenipotentiary
of His Majesty the King of Denmark

Washington, D. C., January 21, 1942.

UTILITY PREFERREDS

JACKSON & CURTIS

DETROIT

LISTED AND UNLISTED SECURITIES

Charles A. Parcells & Co.
Members of Detroit Stock Exchange
PENOBSCOT BUILDING
DETROIT, MICH.

ST. LOUIS

STIX & CO.
SAINT LOUIS
509 OLIVE ST.

Members St. Louis Stock Exchange

SALT LAKE CITY

Specializing in
UTAH-IDAHO SUGAR
AMALGAMATED SUGAR
Analysis on request

EDWARD L. BURTON & COMPANY
Established 1899
160 S. Main St. Salt Lake City, Utah
Bell System Teletype SU 464
Oldest Investment House in Utah

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
BOSTON, MASS. — **John V. Flanagan**, formerly with Trescott Griffin & Co., has joined the staff of **Elwell & Co., Inc.,** 24 Federal Street.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Rollin E. Morton** is now with **Massachusetts Distributors, Inc.,** 85 Devonshire Street.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Walter H. Barrow** has become connected with **Paul D. Sheeline & Co.,** 24 Federal Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Orin Newton,** previously with Mason, Moran & Co., has become associated with **Paul H. Davis & Co.,** 10 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Stanley Morrill** has become affiliated with **Fahnestock & Co.,** 135 South La Salle Street. Mr. Morrill was formerly with Talcott, Potter & Co., Daniel F. Rice & Co. and Fuller, Rodney & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Harry Arthur Tremaine** is now with **Hicks & Price,** Continental Illinois Bank Building. Mr. Tremaine was formerly with Mitchell, Hutchins & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Jack Frankel** has joined the staff of **Howell, Anderson & Co.,** 105 South La Salle Street. Mr. Frankel was previously with Carley & Co., Kirstein & Co., and Straus Securities Co.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **John Price Seeley** has become associated with **Benjamin Lewis & Company,** 135 South La Salle Street. Mr. Seeley has recently been in business for himself and in the past was with Enyart, Van Camp & Feil, Inc.

(Special to The Financial Chronicle)
DETROIT, MICH. — **Frederick C. Anger** has become associated with **Humphries, Angstrom & Co.,** Penobscot Building.

(Special to The Financial Chronicle)
FRESNO, CALIF.—**Francis T. McShery,** previously with Timetrust, Inc., is now connected with **Franklin Wulff & Co., Inc.,** Mattei Building.

(Special to The Financial Chronicle)
KANSAS CITY, MO.—**Ocal Lee Johnston** is now with **Barrett Herrick & Co., Inc.,** 1012 Baltimore Avenue.

(Special to The Financial Chronicle)
LANSING, MICH.—**Edwin Hayden** and **Scott V. Rutherford,** both formerly with W. E. Hutton & Co., have become connected with **Merrill Lynch, Pierce, Fenner & Beane,** 108 West Allegan Street. In the past Mr. Rutherford was with the Central Trust Co.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Carl Clement Kissel,** formerly with Crowell, Weedon & Co., has become affiliated with **Tucker & Company,** 132 Pine Avenue.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Ann W. Henderson** and **John E. Hostetler** have been added to the staff of **Blyth & Co., Inc., 215** West Sixth Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Homer W. Wessendorf,** formerly with M. H. Lewis & Company, is now with **Crowell, Weedon & Co.,** 650 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Charles R. Hoffman** has become associated with **Hopkins, Hughey & Company,** 609 South Grand Avenue. Mr. Hoffman was previously with J. A. Hogle & Co. and prior thereto was with Post & Flagg, Dean Witter & Co., and William Cavalier & Co.

(Special to The Financial Chronicle)
LOUISVILLE, KY.—**Howard D. Louden** has become connected with **The Bankers Bond Co., Inc.,** Kentucky Home Life Building. Mr. Louden was formerly associated with A. C. Allyn & Co. and Straus Securities Co.

(Special to The Financial Chronicle)
OAKLAND, CALIF. — **Albert Burnett Hood** has become associated with **Bankamerica Company,** 1200 Broadway. Mr. Hood was formerly with H. R. Baker & Co.

(Special to The Financial Chronicle)
PASADENA, CALIF. — **Daniel M. Sullivan,** in the past with Rutland, Edwards & Co., is now with **Reagan, Carr & Gaze, Ltd.,** 575 East Green Street.

(Special to The Financial Chronicle)
PASADENA, CALIF. — **Robert K. Smith** has joined the staff of **William R. Staats Co.,** 311 East Colorado Street.

(Special to The Financial Chronicle)
PORTLAND, ME. — **John W. Oakley** is now with **Bond & Goodwin Incorporated,** 120 Exchange Street. Mr. Oakley was previously local representative for Williams & Southgate.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Donald Alexander McGregor,** formerly with Donnellan & Co., Inc., has joined the staff of **Conrad, Bruce & Co.,** Russ Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Melvin G. Butt,** previously with Mason Brothers, has become connected with **Davies & Co.,** Russ Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Clifford Stanley Lawrence** has become associated with **E. F. Hutton & Company,** 160 Montgomery Street. Mr. Lawrence was previously with Merrill Lynch, Pierce, Fenner & Beane.

(Special to The Financial Chronicle)
SAN LUIS OBISPO, CALIF.—**W. C. Wickenden** has become affiliated with **Franklin Wulff & Co., Inc.,** whose main office is in the Russ Building, San Francisco. Mr. Wickenden was formerly with Insurance Securities of Oakland, and in the past was local manager for Associated American Distributors, Inc.

(Special to The Financial Chronicle)
SANTA BARBARA, CALIF.—**Joseph Andrews, Jr.** has been added to the staff of **Schwabacher & Co., 930 State Street.** Mr. Andrews was formerly with Franklin Wulff & Co., Inc. and Bankamerica Company.

(Special to The Financial Chronicle)
WORCESTER, MASS.—**Edmund F. Connoliy** is now with **Charles T. MacDermott & Co.,** 16 Norwich Street.

W. Terwilliger Is With Milwaukee Co.

CHICAGO, ILL.—Walter E. Terwilliger, formerly Vice-President of E. W. Thomas and Company, has become associated with the Milwaukee Company, 135 South La Salle Street. In the past, Mr. Terwilliger was connected with A. C. Allyn and Company, Inc.

To Be J. G. Stewart Co.

The firm name of W. A. Fine & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, will be changed to John G. Stewart & Co., effective Feb. 1. On the same date Lucille Oldacre will become a partner in the firm.

Tomorrow's Markets Walter Whyte Says—

Market as a unit is not acting as well as I should like to have it act; I therefore, must repeat my advice of last week—sell and hold cash for better opportunities.

By WALTER WHYTE

Since last week's pessimistic forecast the market has done little to add to the gloom. True, it hasn't done anything on the up-side. Still, it didn't do much damage on the down-side either. As matters stand at this writing, the market is still at about the same level it was last Wednesday. But standing still isn't enough; not at this stage.

* * *

The market having backed itself into a corner, a break out is indicated. Whether or not this break-out will be violent remains to be seen. But the violence or the gentleness of the coming move isn't important. It's the direction that is important. Of course, there will be stocks that will act better than the averages, assuming it's averages that are worrying you, and among the better actors will be the rails. But a word about the rails.

* * *

They've been acting well right along, some better than others, but, by and large, the rails as a group have reached levels that indicate important resistance to further advances.

* * *

It's strange how things repeat themselves. Time and again certain characteristics in certain stocks indicate coming moves. But it isn't until these moves are close to previously determined objectives that the buying that too often marks a top appears. The current strength in the rails is an example. For weeks this group has been acting better than the market, but it wasn't until they were granted permission to raise their rates on less than car load lots that they began to attract a new following. It is this following which is unhealthy. It presupposes a unanimity of opinion that seldom works in the market.

* * *

It is possible that there may be an exception in this case but I have seldom found it profitable to bank on such exceptions. In any case I don't think the rails are the grand buys, everybody thinks they are.

Guaranteed Railroad Stocks

Joseph Walker & Sons
Members New York Stock Exchange
120 Broadway NEW YORK
Dealers in GUARANTEED STOCKS Since 1855
Tel. REctor 2-6600

As far as the rest of the market is concerned it is not a particularly shrewd statement to say it will be affected by the fate of Singapore, or the outcome of the Latin American conference. How Singapore is faring, you know only too well. How the conference is doing, you also know.

* * *

And while you're looking at the news, it might be well to point out that while black headlines shrieking about submarine sinkings off the East coast, or MacArthur's knocking out a Jap battery make interesting reading, they are only minor incidents in a war. It is the outcome of the conference in South America,

(Continued on Page 324)

Advertising Important As Protective Measure

The maintenance of corporate good-will and prestige in these times is secondary only to the demands of the defense program and management is giving increased thought to the matter of prestige and reputation building copy apart from regular product promotion, according to Russell Law, Chairman of the Board, Albert Frank-Guenther Law, Inc., advertising agency.

"Cogent, forceful reputational advertising as a program separate from customary product advertising is an effective method of maintaining reputations and markets during wartime and is recommended as a protective measure of singular importance at this time," Mr. Law said.

The agency has initiated an advertising campaign designed to reach business executives and to remind them that there are "No priorties on good-will." The agency's advertising will appear in selected newspapers and business publications.

J. G. Couffer V.-P. Of B. J. Van Ingen

B. J. Van Ingen & Co., Inc., 57 William Street, New York City, anonunces that James G. Couffer is now associated with them and has been elected a vice-president of the firm. From 1913 to 1933, Mr. Couffer was associated with the Continental Illinois Co. of Chicago and its predecessor banks in the municipal bond departments. He became associated with Blyth & Co. in Chicago, in 1933, as manager of the firm's municipal bond department and in 1935 he came to New York as manager of the municipal bond department here. He was associated with Blyth until the end of 1941.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34⅝, low—14¾, last—34⅝.

Spokane International
Escrow Receipts
Boston Terminal Company
3½s & 4s
Bought — Sold
PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 Bell Teletype—NY 1-310
RAILROAD REORGANIZATION SECURITIES

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
Aldred Investment
4½s, 1967 & 1968
Canadian Pacific Ry.
3s, 1945
Minnesota & Ont. Paper
5s, 1960—Common
Montreal Lt., Ht. & Pwr.
3½s, 1956-63-73
HART SMITH & CO.
52 WILLIAM ST., N.Y. HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

RAILROAD SECURITIES

In the opening weeks of the year railroad traffic has continued to hold above the levels of a year earlier, but the rate of expansion has been narrowing and the normal seasonal trend has been violated on the down side. Standard & Poor's index of railroad freight loadings retreated from a high of 94.6 reached in the last week of November to 83.4 for the week ended Dec. 27, and successively to 82.0 and 77.2 in the last two periods for which data are available at this writing. These figures are a distinct disappointment to railroad analysts who, a few months ago, were confident of a better-than-seasonal showing for the first quarter of the year. The root of the disappointment, however, is specific rather than general. It necessitates a reappraisal of individual roads but not a change in attitude towards the industry as a whole.

The first influence to be felt was the contraction in demand for anthracite coal, arising from the heavy stocking by consumers during the summer when an oil shortage was presumably threatened. This unhealthy inventory position was aggravated by an unusually late and mild winter. The situation arising from these developments is narrow in scope, being confined largely to a few eastern roads, and has already corrected itself to an important degree.

Of more general application, and apt to be of longer duration, are the dislocations arising from the conversion of automobile production facilities to direct armament work. Cessation of the manufacture of passenger cars for civilian use will affect railroads throughout the country. In most instances the effects can be offset by record tonnages of other freight items, but in the primary automobile center of Michigan these compensations will be slow to develop and may never prove a complete offset.

Of the major Class I roads whose securities have a sizeable speculative following, Pere Marquette is naturally in the most vulnerable position. In 1940, one-eighth of the road's total freight revenues was derived directly from automobiles, trucks and parts. In addition, approximately 23% of freight revenues came from bituminous coal and iron and steel products, a large part of which is inbound for the automobile industry. Therefore, it is fairly generally expected that earnings comparisons of Pere Marquette for at least some months to come will present a sorry picture. For the last three full weeks in 1941 (the period ended Dec. 27) freight traffic held just about to 1940 levels, finally giving way to declines of 11.3% and 18.9%, respectively, in the weeks ended Jan. 3 and Jan. 10.

The outlook does not bring up any question as to the company's continued solvency. Cash account as of the end of November was in excess of $7,000,000, a gain of some $2,250,000 over a year earlier and equivalent to more than two years' fixed charges. Also, there is plenty of room for an earnings recession before unprofitable operations are threatened; it is estimated that charges were earned close to two times last year. Nevertheless, the outlook does call for an attitude of speculative caution towards the company's securities.

Traders have been giving consideration to at least a short term switch from these issues into Southern Pacific Refunding 4s, 1955, where the earnings background is particularly bright and where it is believed that the financial rehabilitation program will continue apace. It is indicated that Southern Pacific may have reduced its debt, exclusive of equipments, by as much as $30,000,000 last year, charges were probably covered about 2.25 times, and a wider coverage is a distinct possibility this year even without any freight rate increase.

Switching from the bonds is purely from a trading angle and not an expression of pessimism over the fundamental value. Selling of the equities, however, is based on appreciation of the fact that their position has been definitely, and drastically, impaired. In the spring of 1941 there was fairly heavy buying of these shares on expectations that the high earnings would be utilized for rapid reduction of arrears on the prior preference stock and eventual similar action on the preferred. In the past the management had been relatively liberal in this respect.

Failure to make any disbursement last year was taken by speculators in their stride and attributed mainly to uncertainties arising from wage increases. With this out of the way, and with the prospects of a rate increase, hopes began to mount again. It seems now, however, that there is little chance that these hopes will be realized. Uncertainties inherent in a war economy and the rising tax burden, when aggravated by declining earnings, would hardly warrant a resumption of dividends.

Without dividends in a period of general industrial prosperity, the shares of this "feast or famine" road are considered to possess little speculative appeal. It is felt that holders of the stock will do better over the visible future by switching into the preferred stock of the reorganized Erie or of "Nickel Plate" which carries heavy accumulations.

Railroad Reorganization Securities
(When Issued)
BEAR, STEARNS & CO.
Members New York Stock Exchange
New York Chicago

We maintain net trading markets in most of the medium-priced Rail Bonds, particularly obligations of
New York Central
Illinois Central
Lackawanna
Lehigh Valley, etc.
We invite dealer inquiries and are in a position to submit firm bids and offerings.
LEROY A. STRASBURGER & CO.
1 WALL ST., NEW YORK
WHitehall 3-3450 Teletype: NY 1-2050

Opportunity For Firm With Wire System
Advertiser (42 years old) with background of over twenty years' experience with two representative firms, has sound ideas that would make for *profitable* utilization of their wire system. Operating expenditure would be modest. M 20, Financial Chronicle, 25 Spruce St., New York City.

As brokers we invite inquiries on blocks or odd lots of
HIGHEST GRADE RAILS
We also maintain net markets in
INT. GT. NOR. ADJ. 6s/52
PITTSBURGH & W. VA. 4½s
MISSOURI PACIFIC 5½s/49
ST. P. & E. GRD. TRUNK 4½s/47
SOUTH'N PACIFIC COLL. 4s/49
We are interested in all issues of the SEABOARD RAILROAD
l. h. rothchild & co.
specialists in rails
11 wall street n.y.c.
HAnover 2-9175 Tele. NY 1-1293

We specialize in
Producing Oil Royalties
Send for our new booklet
"PETROLEUM ON PARADE"
TELLIER & COMPANY
Members
Eastern Oil Royalty Dealers Ass'n.
42 Broadway New York City
BOwling Green 9-7947 Teletype NY 1-1171

National Union Fire
Pittsburgh
Westchester Fire
U. S. Fire
Bought—Sold—Quoted
A. M. Kidder & Co.
Members New York Stock Exchange and other leading exchanges
1 WALL ST. NEW YORK
Telephone Digby 4-2525

Bank and Insurance Stocks
Inquiries invited in all Unlisted Issues
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK CITY
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Insurance Stocks

One of the wartime problems common to financial institutions doing business on "other people's money" is to preserve a reasonable ratio between mounting liabilities on the one hand, brought about by increased volume, and capital funds on the other.

In the insurance field, this ratio is usually expressed by the relation between unearned premium liability and policyholders' surplus (capital and surplus). Under the law, all premiums paid in advance must be set upon the books as a liability, and can be credited to underwriting account only as fully earned.

Corn Exchange Nat'l Bk. & Tr. Co.
Fidelity-Phila. Trust Co.
Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Provident Trust Co.
Phila. Transportation Co.
3-6s, 2039 & Pfd.
H. N. NASH & CO.
1421 Chestnut Street, Philadelphia
Phila. Phone Locust 1477
New York Phone HAnover 2-2280
Teletype PH 257

In addition to unearned premium reserves, however, such reserves as for losses in process of adjustment, for claims and claim expenses are also part of the total creditors' call upon capital funds. In the case of casualty companies, especially, such loss and claim reserves are often large, because of the slowness in Court disposition of litigated claims.

The investment of the available funds (capital funds and fiduciary liabilities) is indicated in turn by the size and composition of the cash and invested assets.

During wartime, volume tends to expand sharply, while growth in capital funds is at a slower pace. Thus, the volume leverage ratios rise, thereby exposing net worth to the increased risks and uncertainties of war inflation and post-war deflation. To meet such increased exposure of solvency, management can:

1. Keep in highly liquid form the greater part of incoming funds, such as in cash and Government securities, thus neutralizing the high volume leverage.

This, however, tends to reduce investment earnings and appreciation, although it increases protection against depreciation.

2. Increase the ratio of "ploughed back" earnings, by retaining any bulge in earnings instead of paying larger dividends, or even reducing dividends to increase the ratio of retained earnings.

3. Increasing capital and surplus by subscriptions above par.

The leverage question for fire and casualty companies, thanks to advantages in operations and extra-conservative accounting practices, appears much less serious than in banking, where it has already influenced some dividend reductions.

In the first place, insurance companies can control the volume assumed to a greater extent, by selectivity and reinsurance. The volume ratio, therefore, has not been permitted to get far out of line with capital funds. As of June 30, 1941, 85 fire companies reported $1 in capital and surplus for every $0.64 in total liabilities (including the entire unearned premium reserves), while 90 casualty companies on the same basis showed a ratio of 1:1.88.

Secondly, the growth factor ordinarily has been much higher for insurance companies. Underwriting rates are based on actual loss experience and are not pegged at artificially low levels. All underwriting earnings are "ploughed back" to strengthen surplus, as dividends are limited to within investment income alone.

Thus, increased volume, provided it is underwritten at adequate rates, tends to provide its own antidote by making possible larger underwriting earnings, which are all "ploughed back" and enable surplus growth to keep the safety factor at a high level.

Based upon 1940 results, leading fire companies are paying out about 62% of operating earnings and casualty companies, only 34%. Dividends run at about 90% of investment income alone, which in turn is minor to underwriting as a source of operating earnings of casualty companies although larger than underwriting for fire companies.

Dividends of casualty companies, also, are based on investment income derived from a highly liquid distribution of assets. As of Dec. 31, 1940, 125 casualty companies showed 55% of assets in cash, agents' balances and Governments and another 17% in other bonds; compared to 37% and 14% for 135 fire companies, which carried 43% of assets in equities.

Since under wartime priorities and heavy taxes, dividends from equities are subject to uncertainties, casualty companies with their high liquidity and large underwriting earnings appear capable of more stability of dividends and asset values, yet sustained growth, under wartime conditions.

Fire companies, too, have been increasing their ratio of cash and Government securities, however, and the accumulation of reinvested funds plus the new volume would even at lower investment returns act as a partial offset to probably decreased dividend income from stock holdings in 1942. In some cases, nevertheless, where equity holdings are relied on for an important portion of investment income, such decreased income might lead to lower scale of extra dividends in 1942.

Thirdly, the leverage ratios are less of a problem for insurance companies because they are able to adopt more of an investment attitude toward holdings. This results from the fact that they are **sellers** of essential protection, not debtors to depositors, and outside of possible "switching" on unearned premiums, are not subject to withdrawal of funds upon demand. On the contrary, there is a constant inflow of premium income at no interest cost, so that even in times of market crises, insurance companies can hold on for more propitious levels and are not obliged to sacrifice holdings in necessitous liquidation.

For neither fire nor casualty companies, therefore, should the leverage ratios of liabilities and assets to capital funds, during the current wartime increase in volume, prove a source of direct concern to stockholders. This does not mean, of course, that insurance companies, like other corporations, will not face wartime problems, such as rising losses and operating expenses, particularly taxes; and the probability of reduced investment income from equity holdings. Under the circumstances, fair rates permitting reasonable underwriting profits assume increased importance in wartime—both to increase safety of policyholders' surplus and to keep up the growth factor for stockholders.

Our Reporter's Report

(Continued from First Page)

tion but to no avail when the Commission ruled in favor of the company's plan.

Now it develops that, under an application filed about a week ago with the SEC, seeking authority to sell a block of the stock to Standard Gas and Electric Company, the issuer had succeeded in marketing only 23,795 shares of the issue on its own.

Under the plan now proposed by the company, to sell the stock to Standard Gas at $22.75 a share the dealers again would be denied any participation in the sale.

The Securities Commission has set a hearing on the application for next Tuesday and it is expected that dealers, though their chances of obtaining any of the business still appear slim, probably will be on hand to see what can be done.

The company needs the funds, which it seeks to raise through the flotation of the stock to finance an expansion program which it has under way.

Alabama Power Issue

Those rumblings of a possible second bid for the Alabama Power Company's $80,000,000 of first mortgage bonds, auctioned on Monday, proved to be nothing more than a stirring about.

Only a single group tendered a bid for the issue with the syndicate of 81 firms, headed by First Boston Corp., and Bonbright & Co., offering 100.40 for the bonds as 30-year 3½s.

Because of the large proportion of the outstanding obligations, to be retired, which are in the hands of institutional holders, it was recognized that any one of a number of substantial banking firms might be inclined to undertake the project.

Inquiry for the bonds, in advance of the offering, indicated a quick sale of the issue was in prospect with the price of 101¾ and the indicated current yield of around 3.44% proving attractive. These expectations were more than borne out by actual performance when books opened.

Another Single Bid

No surprise was occasioned by the appearance of but a single syndicate bid when Comptroller Joseph D. McGoldrick opened tenders for the $50,000,000 of City of New York bonds sold on Tuesday.

Such procedure has developed before in the case of large city and State issues, with two prospective competing groups consolidating their positions in order to simplify the operation.

Representing possibly the last New York City issue for the duration, and perchance the last such borrowing on tax-free basis, that is if the Administration is successful in its efforts to end tax-exemption, books on the offering were closed within a short time after their opening.

Junior Rail Issues Sought

Junior railroad obligations have come back into the leadership of the seasoned bond market under the sponsorship of liens which had been decidedly neglected over a long period.

Investors with a flare for a bit of speculation are inclined toward such bonds, not alone because of the liberal yields which are available, but more so perhaps in the expectation of profiting substantially by appreciation.

The latest flare-up in junior carrier liens appears to have had its inception in the action of the Interstate Commerce Commission in granting the Railway Express Agency's plea for an increased handling charge.

This action was widely interpreted as the probable forerunner of similar action designed to aid the railroads meet their increased wage costs through the medium of a general rate increase.

Short-Term Money Rising

Gauged by the trend of Treasury bills which are sold weekly there is no gainsaying the fact that the cost of short-term money is on a rising trend.

The $150,000,000 of bills placed this week by the Treasury were sold at an average cost of 0.196% compared with 0.119% for a similar issue sold the previous week.

The fact that the Treasury called for payment, this time, in cash rather than in book credits ordinarily tendered by the banks who are the big buyers, may of course, have contributed to the letting down of institutional bids.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital....£4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Royal Bank of Scotland
Incorporated by Royal Charter 1727
Over 200 Years of Commercial Banking
HEAD OFFICE—Edinburgh
General Manager
William Whyte
Total number of offices, 258
CHIEF FOREIGN DEPARTMENT
3 Bishopsgate, London, England
Capital (fully paid)______ £3,780,192
Reserve fund___________ £4,125,965
Deposits ______________£69,921,933
Associated Bank
Williams Deacon's Bank, Ltd.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital ________ £8,780,000
Reserve Fund __________ 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1941 __________£150,939,354
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

Curb's Gratuity Fund Buys Defense Bonds

The Trustees of the Gratuity Fund of the New York Curb Exchange announced on Jan. 19 that at a special meeting held Jan. 16, they authorized the Treasurer to purchase $30,000 worth of United States Defense Bonds. The purchase will be made from the bank deposits of the Gratuity Fund and does not represent a mere shift from one type of bond to another. The Curb Exchange states that it was among the first business organization to engage in active promotion of the Defense Savings campaign and instituted one of the first payroll allotment plans to aid employees in purchase of the bonds.

INSURANCE STOCKS
Mackubin, Legg & Company
Established 1899
Members New York Stock Exchange
BALTIMORE
Telephone—Plaza 9260
Teletype—BA 283
NEW YORK
WHitehall 3-9630
NY 1-563

Over-The-Counter Dealers Must Unite

Newspaper Quotations Now Make It Impossible To Conduct Business At Profit

In our issue of December 18 we carried an article under the above heading. It disclosed the situation which has arisen under the new NASD system of preparing quotations on over-the-counter securities for publication in the press.

We concluded with a request that over-the-counter dealers write us their views on the subject.

On December 25 and succeeding weeks we presented a number of replies received prior to that date.

Today we make room for others which have since come to hand.

Further comments and suggestions are urgently asked. Requests that names not be printed will be scrupulously observed.

We are only a small dealer but try to give a specialized service to a strictly investing clientele. The service that we render is based on a thorough and exhaustive analysis of the securities which we recommend. Consequently and quite naturally, such study and statistical review requires a great amount of time. This obviously implies that we must derive a fair percentage of profit on each deal as we receive no other income except from transactions. Rarely have our clients taken any exception to our margins because they realize that we are trying to give them an honest and intelligent service.

We could not possibly do business and survive on the basis of any NASD spreads. Our volume of business is too small. We believe that the great majority of the small dealers are in exactly the same position. Therefore to say that the NASD approach to the publication of quotations for the benefit of the public is highly unrealistic and impractical is putting it mildly.

This brings to the fore a very potent question. What has the NASD actually accomplished in the way of improving the lot of the small dealers? How has it helped us to obtain more business? How has it helped us to obtain a higher profit on the business that we do in order to offset the constantly increased costs of doing business? What have we received for the money that it costs us to belong to the association?

We would like to see an answer to the above questions that would be convincing.

Please don't misunderstand our attitude towards the possibilities of the NASD which could, with a different viewpoint, be a tremendous power for good in our profession, and give us a greater opportunity to obtain a decent income from our labor. So far we fail to see any significant accomplishment along this line. We are strongly for the NASD because it seems to us that it is imperative that we have a national association, such as all other trades and professions, but the policy in operations of the present setup must undergo a considerable change.—*Anonymous, (Rockford, Ill.).*

Your article "Over the Counter Dealers must Unite" is very timely.

I think this should be "NASD Members Should Unite" and remind the boys that are running that show to stick their necks out and do the necessary things to help us make money. After all, it is our dues that keeps the headquarters open.

All dealers in other lines such as Autos, Electrical Appliances, Tires, Hickey Freeman Clothes, Department Stores, Liquor Stores, etc. have an association and set a fair price on merchandise and that's the price, so why can't the NASD set the quotations at a reasonable spread and anyone that cuts gets fined.

When quotations are being set, don't forget that salesmen get half the profit so they have got to be wide enough for the trading house, the dealer and the salesman because they all eat, or at least want to.

Another thing the NASD should do is immediately start the ball rolling to have the big board split commission 50-50, not 70-30 or 60-40. Maybe if we had John Lewis, the labor leader, at the head of the NASD, we would get somewhere on this. He would simply walk into the Exchange and say we want a break—we have been helping you to make money long enough, now give us half of the commission or we will call a strike in three days and will not handle another listed stock and no over-the-counter house will sell you an unlisted stock or bond. He did better than that with U. S. Steel, Bethlehem Steel, Ford, General Motors, etc. and not only got a raise in wages for 500,000 men, but made every worker join the union.

The Exchange would have a real tough time getting along if the thousands of over-the-counter dealers and all their salesmen started a boycott, because don't ever forget, it's the men that make the calls and originate business that cause the exchange to have transactions. Very few investors or speculators ever get listed stocks until they have first had unlisted. The gravy train for the Exchanges has been running long enough at the expense of the over-the-counter dealer and salesmen and whether the NASD rolls up its sleeves and starts acting like the Labor Leaders and Farm Leaders or not, I for one am ready to pledge that my 1942 efforts will be as far away from the Exchange as possible if a few of the over-the-counter dealers will join with me and start the ball rolling. I know one over-the-counter firm now that puts the Brooklyn Bridge between the spread if a stock house calls for a quote on an over-the-counter stock because generally they only want the quote to steal some man's deal who probably drove 50 miles in the ice and snow to originate a trade.

To arms NASD, and make your members as secure as the members of the Musicians Union where they just don't play unless they get the big pay.—*Walter F. Tellier, (New York City), Tellier & Co.*

Several of the recent commentators on the subject of published quotations on over-the-counter securities have referred to the embarrassment caused an over-the-counter dealer when the securities he has sold to a customer on a net dealership basis are quoted by a wire house to the same customer on an "inside" brokerage basis.

In an effort to eliminate this unfair practice on the part of the wire houses, security dealers—members and non-members alike—should work out a plan whereby investor clients are furnished quotations and can buy and sell only at retail prices. The big wire houses are the worst offenders as far as the security dealers are concerned and if they won't cooperate with the dealers in carrying through the above suggestion, all of the dealers should stop doing business with them.

There are plenty of Stock Exchange members who would welcome the commission business generated by the thousands of over-the-counter dealers throughout the country and these Stock Exchange members will be glad to accept our orders sent to them in New York by "collect telegram." Incidentally, it is the writer's understanding that this plan has been adopted in several communities in the State of New York and that it is working out satisfactorily.

Here is a constructive suggestion to work on. May we have some comments on same?—*Anonymous (Cleveland).*

Reports Trade Drop Less Than Seasonal

(Continued From First Page)

Freight-car loadings of most products decreased by less than the customary seasonal amount in December. Coal shipments declined considerably in the latter part of the month but then increased sharply in the first half of January. Shipments of miscellaneous freight, which includes most manufactured products, were maintained in large volume for this season of the year.

Commodity Prices

Wholesale commodity prices increased sharply when this country entered the war early in December and then showed little change during the latter half of the month. In the first half of January prices again advanced,the principal increases being in agricultural commodities and chemicals.

Federal action to impose maximum prices was accelerated with the outbreak of war and applied on a wider scale to industrial products. Ceilings were extended to products in later stages of production and distribution and in most instances covered consumers' goods. Certain of the actions, like those relating to rubber and wool products, were associated with new Federal production restrictions. In this period also there were advances in a number of price ceilings established earlier.

Bank Credit

Total loans and investments of banks in leading cities, which had advanced sharply during the first half of December, have subsequently shown little further change.

Treasury financing in the middle of December and heavy currency withdrawals during the holiday season absorbed close to $700,000,000 of excess reserves during the month. About $500,000,000 of this was recovered in the first half of January, as the result of a decline in Treasury deposits at the Reserve Banks and a return of currency from circulation. Recent changes in excess reserves have been almost entirely at banks outside of New York City.

United States Government Security Prices

Prices of Government securities were steady in the first half of January, following a decline in December after the entry of the United States into the war.

Jansen To Conduct Course At Am. Banking Institute

Arthur Jansen, manager of the statistical department of W. E. Burnet & Co., members of the New York Stock Exchange, has been appointed by the New York Chapter of the American Institute of Banking to give a course in "Analysis of Industrial Securities." The course will be given in the Spring term, which starts Jan. 26.

Now Chace, Whiteside Co.

BOSTON, MASS.—As of Feb. 2, the firm name of Chace, Whiteside & Symonds, Incorporated, 24 Federal Street, will be changed to Chace, Whiteside & Co., Incorporated.

AFFILIATED FUND
INC.

Prospectus on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York

Investment Trusts

Featured in recent investment company literature are down-to-earth discussions which help extricate the reader from the hysteria produced by Pearl Harbor. Fortunately for the financial world, the securities markets were not subjected to either a panic dose of selling, or an unreasoned rush of buying.

Investment trusts and investment counsels purportedly were large buyers of stocks on balance in December. But many had begun taking advantage of low prices before the surprise attack on Dec. 7, and then continued to buy throughout the month. Such action cannot be called panic buying, for undoubtedly these programs would have been halted in the event of a sudden and substantial rise in prices.

In view of the widespread buying action of the investment companies, the available comments should be of more than usual interest. The sources quoted are not necessarily those which have been active buyers, but they are representative of the general feeling in the industry.

The New York "Letter," published by Hugh W. Long and Co.:

"The task posed for the United States in World War II is first to outproduce then to outshoot the Axis. All things considered, we're amazingly well on the way. After 27 months of tooling, industry can now guaranty half of the job!

"Modern warfare depends on the airplane. We were woefully far, far behind. Germany, with five years' start, could turn out 2,400 planes. But only two years In 1939 our total output was only 2,500 planes. But only two years later, in 1941, we passed the 2,500 per-month mark with industry promising F. D. R. 5,000 a month in 1942.

"Steel is indispensable in war. Germany, with Italy, Japan and all her subjugated nations and neutral feeders, had a combined capacity of 60 million tons, say experts. America's 1941 capacity was 88 million tons since eclipsed by further expansion. Add the capacity of Russia and the British Empire and we double that of the Axis.

"Oil is the life-blood of war. Here Germany is especially deficient—had imported untold supplies which must be dwindling—a possible reason for the attack on Russia. The United States produces 63% of the world supply of crude oil and we have yet to work our wells under forced draft. Then there's also the Russian and Syrian fields.

"Aluminum is still another vital war metal. It supplies 70% of airplane frames, 23% of the engines, 24% of the propellers. Even omitting Russian and British production, America and Canada top that of all the Axis and conquered countries by more than 50%.

MANHATTAN
BOND FUND
INC.
PROSPECTUS ON REQUEST
Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PL. JERSEY CITY
634 SO. SPRING ST. LOS ANGELES

"Electricity, source of power that keeps the wheels of war production humming, is produced in larger quantity in America than anywhere else in the entire world."

Massachusetts Distributors' "Brevits":

"Business: Industrial production, which is at the highest level in history, will expand still further in order to accelerate the armament program, and to complete the program, will continue at record high levels for an indefinite period ahead—at least two years and possibly longer.

"Taxes: The magnitude of the war program makes it quite clear that taxes of all kinds will, of obvious necessity, be increased to the maximum rates which can be applied. It is no longer a question of how much taxes might be increased; it is now a foregone conclusion that maximum rates will be applied. As the tax structure now stands, this means some further increase in corporation tax rates and probably much greater increases in personal tax rates. 'Maximum,' however, does not imply confiscation of all income. According to the philosophy of the tax authorities in both houses of Congress, 'maximum' implies only the greatest amount which can be drained out of national income without weakening the economy as a whole. As recently reported in 'Brevits,' Senator George, Chairman of the Senate Finance Committee, said he was convinced that taxes had already reached near maximum levels and therefore, from one of the best authorities, we have strong assurance that the 'maximum' rates to be incorporated in the next tax bill will not represent unduly drastic increases, at least for corporations.

"Profits: Some companies affected by shortages, etc., are bound to suffer seriously for the duration of the war, but in the aggregate, representative indus-

(Continued on Page 323)

Municipal News & Notes

Some slight satisfaction can be derived from the report released recently by the Department of Commerce in Washington, showing that State and local debts were reduced by $42,000,000 during the last fiscal year.

Of course, that sum does not weigh heavily against the terrific increases in the Federal debt which now exceeds $57,000,000,000, giving a total Federal, State and local debt of more than 77 billions. But the reduction in State and local indebtedness does reverse for the first time a trend that has been upward since 1912.

State and local debt is expected to decline still more during the present fiscal year, due partly to the restraining effects of priorities in building and improvement projects.

Partially offsetting the reduction in State and local indebtedness was a rise of $216,000,000 in outstanding obligations of housing authorities and the floating of large bond issues by a few cities to finance public service projects.

The Commerce Department's report presents in the realism of unvarnished statistics the financial burden that defense and war needs have imposed on the Nation. The total debt load is, of course, the highest in history. It necessitates the highest taxes in history.

Since whatever sums will be needed to carry the war to a successful conclusion cannot be restricted, the need to reduce other public expenditures becomes doubly imperative. Congress must economize on nondefense expenditures. State and local debts must be reduced much more than they have been.

Just how, one might ask, is that to be brought about? Whether it is brought about or not depends largely on how insistent the public demand becomes for economy, beginning in the local government, extending to the State government and continuing on up to Congress. If enough citizens will make it known to local city officials, to State officers and Legislators and to their Congressmen that they are expecting economy and will vote accordingly, they'll get economy.

State Defense Head Attacks Eccles' Elimination Plan

Exception was taken last week by Henry Epstein, Chairman of the Conference on State Defense, to the advocacy by Marriner S. Eccles of a plan to give the Federal Government power to tax income derived from future issues of State and municipal bonds. Mr. Eccles is Governor of the Federal Reserve System.

"No current revenue whatever could be obtained by a Federal tax on future issues of State bonds," Mr. Epstein said. "It is clear that no substantial revenues could be obtained from this source for from 10 to 20 years."

"Once again Mr. Eccles trots out the same shopworn and distorted examples of people with $1,000,000 incomes evading taxes through municipal bond investments. This does not represent the true picture, for most of them are held in public trust funds, sinking funds, banking reserves, insurance companies or similar places."

NEW ORLEANS

LOUISIANA
and
MISSISSIPPI
MUNICIPALS

Scharff & Jones
INCORPORATED
Whitney Bldg.
Jackson Miss. NEW ORLEANS Shreveport La.
Bell Teletype—NO 180

Guaranty Trust Company of New York

140 BROADWAY
Fifth Ave. at 44th St. Madison Ave. at 60th St.
LONDON VICHY PARIS BRUSSELS

Condensed Statement of Condition, December 31, 1941

RESOURCES		
Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers		$883,795,875.57
U. S. Government Obligations		1,018,486,210.88
Public Securities		49,327,006.47
Stock of the Federal Reserve Bank		7,800,000.00
Other Securities and Obligations		22,032,385.91
Loans and Bills Purchased		550,865,729.43
Credits Granted on Acceptances		5,473,967.43
Accrued Interest and Accounts Receivable		6,788,221.57
Real Estate Bonds and Mortgages		1,755,325.57
		2,546,324,722.83
Bank Buildings		10,930,820.19
Other Real Estate		1,332,155.47
Total Resources		$2,558,587,698.49
LIABILITIES		
Deposits	$2,242,977,816.97	
Checks Outstanding	16,917,584.52	
		$2,259,895,401.49
Acceptances	$9,550,144.36	
Less: Own Acceptances Held for Investment	4,076,176.93	
		5,473,967.43
Liability as Endorser on Acceptances and Foreign Bills		94,097.00
Foreign Funds Borrowed		152,550.00
Dividend Payable January 2, 1942		2,700,000.00
Items in Transit with Foreign Branches and Net Difference in Balances Between Various Offices Due to Different Statement Dates of Some Foreign Branches		926,492.29
Miscellaneous Accounts Payable, Accrued Taxes, etc.		9,874,333.76
		2,279,116,841.97
Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	19,470,856.52	
Total Capital Funds		279,470,856.52
Total Liabilities		$2,558,587,698.49

Securities carried at $16,504,385 75 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English and French Branches as of December 26, 1941, and Belgian Branch as of October 31, 1941.

Member Federal Deposit Insurance Corporation

Local Unit Financing Restraint Sought

A considerable portion of the municipal trade is of the opinion that a more important consideration of the administration in pressing for elimination of tax exemption is to have local governments keep their financing at a minimum during the emergency period.

This objective is important because the Federal Government needs materials for the war program that might go into local construction programs, does not want competition in its own efforts to raise funds and desires the local governments to have projects available to take up the economic slack in the post-war period. State and municipal financing will be held at a minimum, without any change in tax status, it is held, because materials are not available to carry out construction plans and a large part of the possible refunding already has been taken care of.

Auto and Gasoline Revenues Affected by Curtailment

War measures which will result in a sharp curtailment in civilian use of motor vehicles and gasoline will sharply reduce Federal and State revenues collected on their use, it is pointed out in connection with a survey of motor vehicle taxes. Both the automotive and gasoline industries have shouldered a tremendous annual tax burden which has increased each year. Much of the tax receipts have been spent in the construction of essential Federal, State and county highways.

Tax payments in connection with motor vehicle ownership and operation jumped approximately $250,000,000 during 1941 to reach an estimated aggregate of $2,474,000,000, according to the National Highway Users' Conference. While approximately $1,543,000,000 of this tax bill was collected to provide highways for defense and civilian use, $891,000,000 represents a special contribution of highway transportation to general governmental activities.

Principal factors in the rise of motor vehicle ownership and operation taxes above the 1940 total of $2,130,147,000 are more mileage per vehicle, increased registrations and higher Federal excise taxes. The greatest single source of revenue from motor vehicle taxation is the gasoline tax which yielded $1,290,000,000 from State and Federal levies.

N. Y. City Awards Large Issue

One of the largest syndicates ever formed to participate in a municipal bond sale entered the only bid Tuesday for the $50,000,000 issue of New York City serial and assessment bonds. Headed by the National City Bank and the Chase National Bank, this comprehensive group bid 100.0938 for the $32,000,000 of serial bonds as 2½s, and the $18,000,000 of assessment bonds as 2¼s, an average interest cost of 2.439%.

The bonds were immediately reoffered at prices to yield from 0.60 to 2.65%, for maturities ranging from 1943 to 1972.

The two banks heading the syndicate usually manage separate groups to compete for New York City bond issues when the size is less formidable than Tuesday's. Joining of the two traditional syndicates created one powerful group of 131 banks and investment firms, embracing the greater part of the country's machinery for distributing State and municipal securities.

The interest cost basis on this latest issue compares with a cost of 2.048% on a longer average maturity issue floated by New York last March. Since then the city has done no permanent financing.

Following the award of the bonds, Controller Joseph D. McGoldrick said:

"Today's successful sale is the last important financing which the city will undertake for the duration of the war. We have now funded all our outstanding capital commitments and no important new ones are to be anticipated until the conclusion of the national emergency."

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R.E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

New Municipal Bond Price and Yield Comparison Issued

The Chemical Bank & Trust Co. of New York issued Tuesday another of its annual surveys of the municipal bond market, which includes approximately 200 State and municipal bonds and traces the price movements over the last nine years. Nearly every major local government in the country is represented in the compilation.

An added feature of this study is the table showing the price and yield averages of all bonds listed maturing in 10 to 25 years. This is supplemented by the selection of 20 cities to represent various credit classifications as well as a broad geographical cross section of the entire list to arrive at a fairly accurate average of all bonds shown.

Of particular interest to individuals and institutional buyers of tax exempts is the price level established after the opening of hostilities with Japan. The compilation also gives a vivid picture of the unprecedented price changes in the market during the past decade.

The previous editions of this brochure have always been very well received all over the country and this current issue should prove even more popular because of prevailing conditions.

South Entering Greatest Industrial Development Period

The present industrial growth of the South is by far the most important in its economic history, according to a study of recent developments in nine Southern States by the Division of Industrial Economics of The Conference Board. This growth gained headway before the war. It has been accelerated by the defense program. It will be still further stimulated by the enlarged war program.

As compared with the South's earlier industrial development, which was based largely on the migration of the cotton textile industry from New England to the Carolinas and Georgia, the present growth is more diversified with respect to industries and their location. Among these new Southern industries, moreover, are many of the so-called process industries. Chemicals, pulp and paper, and metals are conspicuous examples. The growth of these process industries in the South has been favored by an abundance of raw materials and hydroelectric power, and by cheaper transportation, lower taxes, and lower labor costs, than in the North. The milder climate has also been a favorable influence.

Philippines to Continue Bond Interest Payments

Secretary of Interior Harold L. Ickes announced last week that interest payments on outstanding bonds of the Philippine Government would continue to be met and serviced through the U. S. Treasury.

On recommendation of Philippine President Manuel L. Quezon, Mr. Ickes said, almost $2,000,000 will be paid during 1942 as interest on obligations.

These payments will be made from funds of the Philippine Commonwealth on deposit in this country. No payment of principal is due until 1946.

Michigan Tax Agencies Combined Into Single Unit

Launching of the new Michigan Department of Revenue on Jan. 10, consolidating in a single unit the powers, duties and functions of the nine State tax-collecting agencies, marks a milestone in the progress of State administrative achievement. The new department now becomes the backbone of Michigan's fiscal structure. It follows the lead of a dozen or more progressive States that have abandoned discredited and costly methods of tax collection by consolidating these agencies in a single non-political unit which is free to function unfettered in the public interest.

While no one can accurately estimate the saving that will result from streamlining the State's fiscal structure, it has been widely predicted that the amount would run into millions. However this may be, it is certain that only modest economies can be achieved during the adjustment period incident to a radical change in collection procedure. The magnitude of the State's undertaking may be judged when it is known that the gross revenue to be collected in 1942 may reach $100,000,000.

Detroit Offering Deferred

Officials of Detroit, Mich., announced Monday that the sale of $28,994,500 refunding bonds, which had been planned for the end of January, probably will not take place until after March 1. The delay was occasioned by some confusion over the interpretation of the new statute as to whether the sale had to be advertised 30 days in advance in Detroit newspapers.

It would appear from this action that Senator Brown of Michigan, an outsanding opponent of tax exemption, has received assurances that no definite decision will be reached for some time on elimination of tax-free securities, thereby giving municipalities a breathing spell.

Uncertainty Affects Bond Bids

Uncertainties over the tax status of future bonds has been re-

New Issue

$50,000,000
City of New York
2½% Serial Bonds and 2¼% Assessment Bonds

Dated January 15, 1942. Due January 15, as shown below. Principal and semi-annual interest, July 15 and January 15, payable at the office of the Comptroller of the City of New York. Coupon bonds in denomination of $1,000 or fully registered bonds in denominations of $1,000 or multiples thereof. Coupon bonds may be exchanged for registered bonds, but are not interchangeable.

Interest Exempt from all Tax under present Federal and New York State Income Tax Laws

Eligible, in our opinion, as Legal Investments for Savings Banks, Trust Funds and Life Insurance Companies in the State of New York

The Serial Bonds, to be issued for Rapid Transit, Water, Dock Improvement, School and various municipal purposes, and the Assessment Bonds, to be issued for Street and Park Openings and Street Improvements, will constitute, in the opinion of counsel, valid and legally binding general obligations of the City of New York, payable as to both principal and interest from ad valorem taxes which may be levied without limit as to rate or amount upon all of the taxable real property therein.

AMOUNTS, MATURITIES AND PRICES
(Accrued interest to be added)

$32,000,000 2½% Serial Bonds									$18,000,000 2¼% Assessment Bonds		
Amount	Due	Price to Yield	Amount	Due	Price to Yield	Amount	Due	Price to Yield	Amount	Due	Price to Yield
$1,696,000	1943	.60%	$948,000	1953	2.35%	$948,000	1963	2.60%	$1,800,000	1943	.60%
1,696,000	1944	.90	948,000	1954	2.40	948,000	1964	2.60	1,800,000	1944	.90
1,696,000	1945	1.20	948,000	1955	2.45	948,000	1965	2.60	1,800,000	1945	1.20
1,696,000	1946	1.50	948,000	1956	2.50	948,000	1966	2.60	1,800,000	1946	1.50
1,696,000	1947	1.70	948,000	1957	2.50	948,000	1967	2.60	1,800,000	1947	1.70
1,512,000	1948	1.90	948,000	1958	2.50	348,000	1968	2.65	1,800,000	1948	1.90
1,512,000	1949	2.00	948,000	1959	2.55	348,000	1969	2.65	1,800,000	1949	2.00
1,512,000	1950	2.10	948,000	1960	2.55	348,000	1970	2.65	1,800,000	1950	2.10
1,512,000	1951	2.20	948,000	1961	2.55	348,000	1971	2.65	1,800,000	1951	2.20
1,512,000	1952	2.30	948,000	1962	2.55	348,000	1972	2.65	1,800,000	1952	2.25

The above Bonds are offered when, as, and if issued and received by us and subject to the approval of legality by Thomson, Wood and Hoffman, Esqs., Attorneys, New York City.

The National City Bank of New York
The Chase National Bank
First National Bank
Chemical Bank & Trust Company
Manufacturers Trust Company
The First Boston Corporation
Harriman Ripley & Co. Incorporated
Smith, Barney & Co.
Lehman Brothers
Halsey, Stuart & Co. Inc.
Blyth & Co., Inc.
Lazard Frères & Co.
Barr Brothers & Co. Inc.
R. W. Pressprich & Co.
Ladenburg, Thalmann & Co.
Blair & Co., Inc.
Kidder, Peabody & Co.
Hallgarten & Co.
Phelps, Fenn & Co.
The Marine Trust Company of Buffalo
Swiss American Corporation
The Northern Trust Company
Bank of America N.T. & S.A. San Francisco
Stone & Webster and Blodget Incorporated
Kean, Taylor & Co.
Mercantile-Commerce Bank and Trust Co.
F. S. Moseley & Co.
Union Securities Corporation
R. H. Moulton & Company Incorporated
Manufacturers and Traders Trust Company Buffalo
Paine, Webber & Co.
Dick & Merle-Smith
L. F. Rothschild & Co.
B. J. Van Ingen & Co. Inc.
Hemphill, Noyes & Co.
Geo. B. Gibbons & Co. Incorporated
G. M.-P. Murphy & Co.
Shields & Company
Laurence M. Marks & Co.
Darby & Co.
Gregory & Son Incorporated
Eastman, Dillon & Co.
Equitable Securities Corporation
W. E. Hutton & Co.
Dominick & Dominick
Lee Higginson Corporation
Graham, Parsons & Co.
Stern Brothers & Co.
City National Bank & Trust Co. Kansas City, Mo.
Hayden, Miller and Company
Merrill Lynch, Pierce, Fenner & Beane
Eldredge & Co. Incorporated
C. F. Childs and Company Incorporated
Central Republic Company
Wood, Gundy & Co. Incorporated
Reynolds & Co.
Baker, Weeks & Harden
Roosevelt & Weigold Incorporated
Bacon, Stevenson & Co.
Charles Clark & Co.
Harvey Fisk & Sons, Inc.
Weeden & Co. Incorporated
Mississippi Valley Trust Company
A. C. Allyn and Company Incorporated
Heller, Bruce & Co. Incorporated

New York, January 20, 1942

flected lately in sales of new issues, a number of bids being rejected by various local units because of the inclusion of conditions on tax status. Quite a few houses have insisted on including in their bills conditional clauses to release them from any obligation if they took the award and tax exemption was removed prior to delivery. In fact, North Carolina offerings now carry such clauses in their official forms.

Housing Notes Sold

The Chemical Bank & Trust Co. of New York headed a group which was awarded $38,545,000 local housing authority notes Tuesday out of a total $58,952,000 offered by 18 housing agencies. The remainder was distributed to various scattered purchasers.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Jan. 22nd (Today)

$589,000 Schenectady, N. Y.
Last year at this time the city awarded bonds to a syndicate headed by Halsey, Stuart & Co. of New York. Stranahan, Harris & Co., Inc., and associates, was the runner-up.

Jan. 26th

$750,000 Alexandria, Va.
On Jan. 26, 1939, this city sold bonds to Estabrook & Co. of New York, and F. W. Craigie & Co. of Richmond, jointly. Second best offer was entered by Halsey, Stuart & Co., Inc.

Jan. 27th

$1,000,000 West Va., State of
On Sept.. 23 the State awarded $500,000 road bonds to a syndicate headed by the Union Securities Corp. of New York, whose bid topped that of Lazard Freres & Co. of New York, et al.

Jan. 30th

$650,000 Charlottesville, Va.
Smith, Barney & Co. of New York, was highest bidder for the last bonds, awarded in June, 1939. Second highest tender was entered by B. J. Van Ingen & Co., Inc. of New York, and associates.

Feb. 2nd

$920,000 Baltimore Co., Md.
This twelfth issue of Metropolitan District bonds follows the preceding issue awarded in April, 1941, to a syndicate headed by Shields & Co. of New York. Runner-up in the bidding was the Harris Trust & Savings Bank of Chicago, and associates.

S. E. Firms Cashiers Elect 1942 Officers

Walter L. Wright, of DeCoppet & Doremus, was elected President of the Cashiers' Section of the Association of Stock Exchange Firms at its twenty-fifth annual meeting and election held at the Downtown Athletic Club. Two hundred members attended.

LeRoy Dando, of Tucker, Anthony & Co., was elected Vice-President; Irving W. Smock, of Pershing & Co., 2nd Vice-President; Arthur H. Crump, of Eastman, Dillon & Co., Treasurer; John J. McDonald, of Peter P. McDermott & Co.. Secretary; and George E. Rieber, of the National Association of Security Dealers, Recording Secretary.

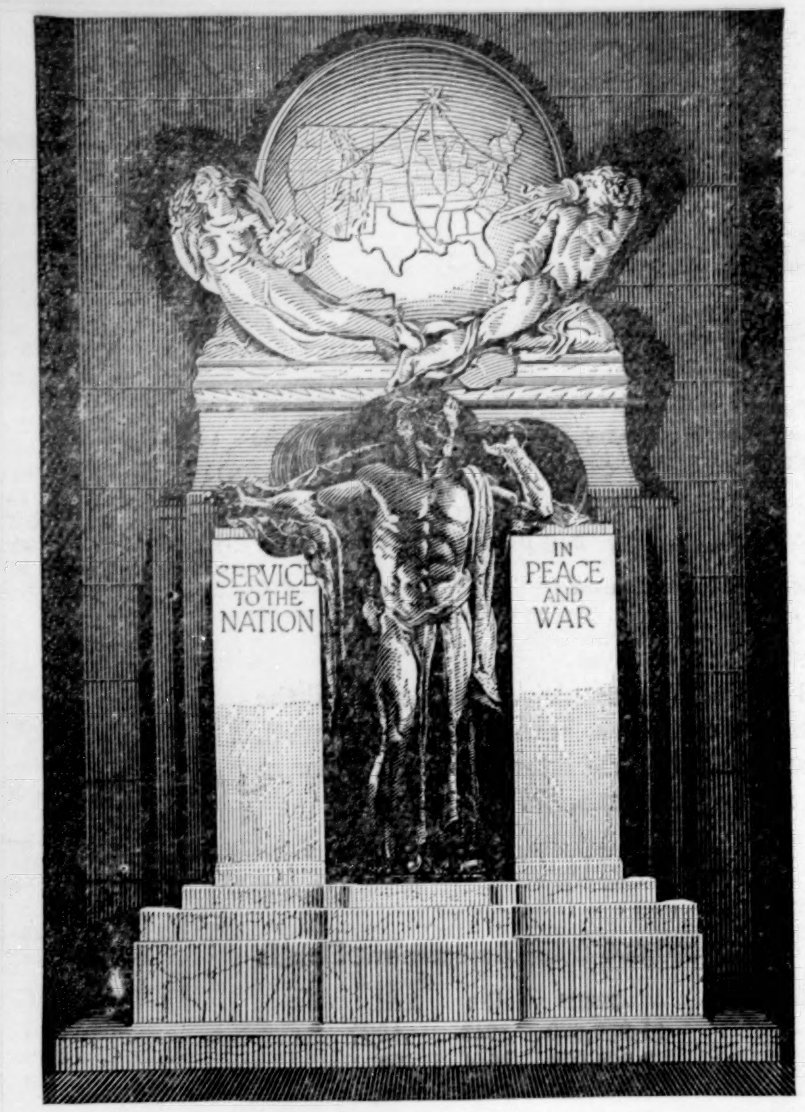
To the Executive Committee were elected John J. Conway, Harry D. Milbank, Richard M. Trickey, Lester Allen, and Milton C. Altenberger.

To the Nominating Committee were elected Russell E. Cain, Chairman, and Robert J. Bee, Barclay J. Conway, E. F. Dieckman, and Alex Vanderwoude.

Following dinner, the entire group attended the boxing bouts at the Club.

Write For Summary

Putnam & Co., 6 Central Row, Hartford, Conn., members of the New York Stock Exchange, have issued a condensed statistical and historical summary of 14 Connecticut industrial companies. Copies of this interesting summary will be sent on request.



"Service to the nation in peace and war"

Following the last World War a bronze and marble group was placed in the lobby of the American Telephone and Telegraph Company building in New York. On it are inscribed these words, "Service to the nation in peace and war."

They are more than words. They are the very spirit of the entire Bell System organization. In these stirring days, we pledge ourselves again to the service of the nation . . . so that "Government of the people, by the people, for the people, shall not perish from the earth."

BELL TELEPHONE SYSTEM

THE BOND SELECTOR

NASHVILLE, CHATTANOOGA & ST. LOUIS

First Mortgage 4s, 1978

Nashville, Chattanooga & St. Louis 1st mortgage 4s, 1978, currently selling at 68½, are considered underpriced, in view of the wide margin of earnings available for charges, the road's favorable financial position and the outlook for the continuance of the present profitable traffic trend. At 68½, these mortgage bonds offer a current income return of 5.85% and yield 6.20% to their due date in 1978.

Controlled by Louisville & Nashville (through ownership of 72% of the stock), which in turn is controlled by Atlantic Coast Line, Nashville, Chattanooga & St. Louis serves as a connecting line between these two systems through operation of 1,111 miles of main track, and cuts off a considerable distance between the southeast and the mid-west. Lines extend from Paducah, Hickman and Memphis, on the Mississippi, through Nashville and Chattanooga to Atlanta, Ga. The territory served is still predominantly agricultural, but industrial development is rapidly increasing in importance. Of total trackage, 744 miles are owned and 367 are leased.

Freight is fairly well diversified, with manufactures and miscellaneous and l. c. l. representing 51% of freight revenue in 1940; products of mines 13%; agricultural products 20%, the balance being derived from forest products and animals. Principal items carried are petroleum products, cement, fertilizer, bituminous coal, gravel, sand and stone, flour, cotton and citrus fruits. L. c. l. traffic is important.

Total funded debt consists of $16,800,000 of the subject first mortgage 4s, 1978, and $616,000 of serial equipment trust issues. Although the road covered its fixed charges in only five out of the last ten years, interest has been paid regularly. Beginning with 1938, a steady improvement in gross revenues and in earnings has been evident. While fixed charges were just about covered — 1.09 times—in 1938, 1939 showed them earned 1.41 times, and in 1940 total interest requirements were covered 1.47 times.

As with most railroads, the year 1941 resulted in sizeable gains in gross and net railway operating income for Nashville, Chattanooga & St. Louis. For the 11 months through November, gross revenues were up 26.7% over the same 1940 period and income available for fixed charges registered an increase of 66%. Operating ratio was 72.1% compared with 79.3% for the comparable 11 months of 1940. While operating efficiency increased, maintenance continued at a good level, representing 26.4% of gross revenues. The following tabulation shows important income account items for the first 11 months of 1941 and 1940. Fixed charges were earned 2.16 times compared with 1.32 times in the 1940 period. Bond interest alone, excluding charges for leased lines, was earned 4.51 times in the first 11 months of 1941.

	11 Months to Nov. 30 1941	11 Months to Nov. 30 1940
	—Add 000—	
Gross revenues	$17,794	$14,080
Total maintenance	4,776	4,227
Transportation expenses	6,612	5,548
Tax accruals	1,657	952
Net operating income	$2,964	$1,705
Balance for fixed charges	$3,077	$1,815
Fixed charges	1,421	1,372
Times earned	2.16	1.32

The following tabulation summarizes the operating record over the past five years, with December, 1941, results estimated:

	*Oper. Revenues	*Net Ry. Oper. Inc.	*Avail. for Chgs.	*Fixed Charges	Times Earned	1st 4s, 1978 Price Range
1941†	$19,500	$3,154	$3,275	$1,544	2.12	72 –62½
1940	15,633	2,069	2,198	1,495	1.47	70¾–64
1939	14,828	1,983	2,113	1,495	1.41	72½–64½
1938	13,660	1,482	1,638	1,496	1.09	71 –50
1937	14,299	840	1,028	1,500	0.69	98¾–70

*In thousands. †Partly estimated.

At Nov. 30, 1941, the company's net current assets increased to $9,512,000 from $5,257,000 the year previous. Cash and special deposits totaled $7,000,000 against $3,130,000 in 1940. Total current assets were $12,628,000 at the end of November, 1941, and current liabilities amounted to $3,117,000, of which $1,214,000 represented tax reserves. Current ratio was 4 to 1.

Higher wages and taxes will naturally apply to Nashville, Chattanooga and St. Louis as well as to other roads. However, gross should continue in the neighborhood of $1,700,000 monthly and the possibility always exists of a freight rate increase. These bonds represent the sole debt of the company aside from the small equipment issue. Net property, including road and equipment and improvements on leased lines, totaled $45,600,000 at the end of 1940.

Although not having the extreme speculative appeal of many of the junior issues of marginal roads, these first mortgage bonds offer a liberal yield and should afford the purchaser a good opportunity for profit in a strong rail bond market. At the same time he is committed to the sold debt of a company with ample liquid resources and an expanding territory.

The Securities Salesman's Corner

A TRUE STORY THAT CARRIES A LESSON IN SALESMANSHIP!

Several days ago, the writer of this column had lunch with one of his clients. This man is a very able investor. Not alone has he kept his fortune intact but he has increased his principal and also the investment funds of his friends, during the past two decades Having known that he was once a very successful broker on the New York Stock Exchange, we asked him how he built up his business. He turned to us with a smile and answered, "Well, the peculiar part of it all is that I don't think I ever solicited a single account. Our business seemed to come to us. I also believe that when we started in business I got a very lucky break."

"This was something that happened during the Northern Pacific corner. At the time I thought it was just about the worst thing that could happen to a young fellow starting out in business. Due to the malfeasance of another broker I was made responsible to one of my customers who had given me an order in Northern Pacific. In order to make good on the contract I had to cover in the market and it cost me $15,000. After I had squared up with my customer, my firm had a cash balance of about $82 in the bank, plus a seat on the New York Stock Exchange.

I continued to go ahead with my business as a "two dollar broker" on the floor of the Exchange. I tried to remain cheerful and I took the loss philosophically. Eventually the word got around that I was a pretty good fellow. I believe this attitude helped me acquire many new accounts and an ever increasing volume of business came to me.

"One day, several years later," he went on, "I received a telephone call from the secretary of one of the wealthiest individuals in the United States. This man is today a legendary figure among all who are familiar with the history of American industry His secretary told me that his employer wished to see me. Of course I lost no time in getting over to his office. Seated behind a massive desk, sat this huge man who looked me up and down but didn't ask me to be seated. He told me the reason he had sent for me was that he had heard I was a conscientious broker and that I had been handling some large orders for his friends in a capable manner. He then asked me if I would like to have some of his business. I turned to him and said, "Mr. X it may be wrong to say this, but your orders no doubt are very large. They are not for a hundred but for thousands of shares. I don't know whether I have sufficient capital to undertake the risk of assuming financial responsibility for their proper execution. Before I would receive your orders on the floor they would naturally go through several pair of hands and would be relayed over the telephone. In case there should be a mistake, the financial risk might be very great on my part. Of course, nothing would please me more than to have your business, but I cannot help but consider this angle before we do anything together."

"At this the great man threw back his head and laughed. Then he asked me to be seated." "Young fellow," he went on, "you are the first broker I ever met who had any sense. Of all the orders I have given to brokers, you are the first one who wasn't so hungry for business that he didn't lose sight of the fact that his own financial responsibility might be impaired through a mistake in the execution of an order. We arranged that I should come to his office every morning at 9 a.m. and personally pick up his written order for the day."

This account bought and sold hundreds of thousands of shares of stock a year through my friend. It seems that any salesman, no matter what business he might be in, could derive some valuable lessons from this man's story. He was not discouraged by a very bad break in his luck when he first began his business career. Instead his optimistic and cheerful attitude, despite an event that might have disheartened a less sturdy character, brought him new friends. He had courage and he was undaunted. Neither did he discuss his losses nor the injustice of another which had caused them. He likewise established his integrity. He made good on his contract, despite the fact that by doing so he depleted his entire cash resources.

When he met his large account he was not outwardly excited nor did he appear over anxious to do business. The bitter lesson of several years before now came back to him and as a result paid for itself many times over. He won the confidence of the great financier by saying a few words that led him directly into an account that paid him back many times more than his original $15,000 loss.

The experiences of our lives can either make us richer or they can leave us as poor as we were before we had them. It is the wise man who can learn from experience — so say the sagas of old. Here is a lesson in salesmanship for everyone—catch on?

Dealers As Defense Bond Issuing Agents

(Continued from First Page)

must heed the President's call. The securities industry of all nation responds to that call.

The securities industry has placed its facilities at the disposal of the Government and, as a result of conferences with the Treasury Department, a plan has been developed whereby our nation-wide securities distributing organizations are enlarging their contribution to the defense bond program.

An arrangement under which units of the securities industry may qualify as issuing agents for the Series E bonds will facilitate our contribution to this effort.

Our industry's concept of its opportunity may be expressed in very simple terms. The securities industry believes that these bonds do not have to be sold on a patriotic appeal. We believe they are a fine investment for the public, the small and large investor alike. The patriotic impulse is a fine foundation upon which to sell these securities, but we can rest our effort upon the solid fact that these bonds are prime investments that will yield a real return to their owners.

Altogether aside from considerations of investment quality our people have in this Defense Bond program a great privilege—an opportunity to invest—with safety and return—in the defense and future of their country and their homes.

Florida Bond Outlook

The outlook for municipal bonds during the war years is good ,and Florida municipal issues appear particularly attractive to those seeking safe tax exempt investments which may still be obtained at substantial discounts, according to a bulletin issued by Heinzelmann & Ripley, 40 Exchange Place, New York City, which contains several attractive recommendations. Copies of this interesting bulletin may be had from Heinzelmann & Ripley upon request.

Dangers In Upward Price Movement Seen By Chairman Johnston Of Chemical Bank

Stating that "the inflation potential is greater now than at any time in the history of the nation," Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. of New York in his annual report to the stockholders on Jan. 21 declared that "among the factors which make the situation dangerous are:

> Our huge volume of bank deposits and its further increase through deficit financing;
>
> Bank credit built on government debt;
>
> The gold and silver purchasing policies of the government;
>
> The continuation of the power of the Executive over money;
>
> The gold prohibition law;
>
> The rapid increase in wages and acceleration of the decline in the volume of consumer goods, coupled with the failure of the government to exercise effective control over prices.

In the absence of Chairman Johnston because of illness, his report was presented by the President of the bank, Frank K. Houston. In his report Mr. Johnston went on to say:

> Inflation always has been the line of least political resistance as a means of financing war. It should be borne in mind that there is a limit to which the prices of food, clothing and rent can rise if the people still are to have sufficient money left to pay taxes and invest in defense bonds. If the present upward movement of prices is not held within reasonable bounds, it will undermine the morale of our people, seriously interfere with the speeding up of our war effort and will bring a disastrous collapse of the price structure in the post-war period. Congress is still considering a price-control measure, but any such law which fails to place a ceiling on the price of all farm products and on the wages of labor will be only partly effective in helping to prevent a crippling inflation.

In the course of his remarks Mr. Johnston stated "our entry into the war, following a year and a half of abnormal expenditures for the defense and lease-lend programs and forced increases in union wages for defense workers, has added materially to the danger of a serious inflation in this country." "The cost of living," he noted, "has advanced 12% since September, 1939 when the European war began, wholesale prices have risen about 25% and the prices of basic raw materials approximately 58%."

In emphasizing that "everything must make way for the war program" the Chairman warned that:

> The long-outstanding problems of business and finance, the social and economic experiments of government, and the urge of labor to win still greater concessions from industry—all must be pushed into the background until the great task beforethenation is finished. Victory is the one thing which counts now, for if we lose this fight, such material considerations as "free enterprise," the "closed shop", "social security" and "the American way of life" will have no meaning for us.

It was pointed out by Mr. Johnston that "like all wars, this one will bring prosperity to some classes, depression to others." "In the latter class," he said, "are thousands of small business enterprises which cannot secure the raw materials they need and which, so far, have been unable to convert their plants to war production." Continuing he said:

> These small businesses are the very foundation of the American system of free enterprise. They are an essential part of the very economic liberties we are fighting to preserve. Keeping these little industries at work on essential civilian production or on war efforts is one of the big problems which government, in cooperation with leaders of industry, must solve if the national income is to be maintained at present high levels.
>
> While devoting their maximum efforts to war production now, both large and small private enterprises should be giving deep consideration to the problems of the post-war period, for at the end of this war the American system of free enterprise will be judged by its ability to absorb soldiers and sailors into industry and keep down unemployment.

Mr. Johnston described the year 1941 (the 118th of the bank's existence), "as a splendid year of growth and development in practically every department." "We became a billion dollar bank on March 14," he said, "when our total resources, for the first time, exceeded that figure." He further stated:

> Deposits contiued to rise throughout the year and by December 31st, they alone had reached $1,014,109,864.03. For the year our deposits showed an average increase of $129,793,000.
>
> While passing these milestones through growth, we continued to adhere to our traditional conservative policy in the selection of investments and loans. We were able to employ these additional funds by increasing our average investment holdings approximately 53%. Our loans and discounts in 1941 averaged only about 10% more than they did in the previous year, but they increased substantially during the last quarter. They are continuing to increase as the defense construction and production program swings into full stride.
>
> Notwithstanding the comparatively limited demand from our customers for borrowings, the low return for money and the small yield on investments, the net operating income was sufficient, after making provisions for taxes, reserves, losses, employee welfare ($355,532.84), bonus to officers and employees ($136,881.07) and the usual dividends, to add $1,257,009.35 to the Undivided Profit Account.

Details of the year-end statement of the Chemical Bank & Trust were given in our Jan. 8 issue, page 133.

Investment Trusts

(Continued from Page 319)

trial corporations should, under the tax legislation in prospect, show reasonably satisfactory earnings in relation to past years and in relation to the level of stock prices."

"Perspective," Issued by the Investment Management Department of Calvin Bullock:

"The course of prices on the stock market will probably be more responsive for some time ahead to the news of the fluctuating fortunes of war than to economic factors; and we must reconcile ourselves to the grim prospect of further bad news until such time as we have armed ourselves to the point of dealing effectively with the international bandits that have disturbed the peace of the world. We must recognize, too, that corporate earnings have now passed their wartime peak and that priorities and other controls as well as further til such time as we have armed steep increases in the rate of taxation mean a lower rate of earnings and dividends for the duration. Nevertheless, we should not lose sight of the fact that prices of many representative common stocks are capitalizing current as well as 'normal' earnings extremely conservatively and are at levels where they should provide a satisfactory rate of income to the investor in the course of the war even after allowing for the impairment of earnings deriving from war-time controls.

"As confidence grows in our ultimate victory and in the preservation of our system of private enterprise after the war, we believe the market will appraise more rationally the income provided by representative common stocks, particularly in view of the investor's urgent and growing need for income under the conditions of a war environment and especially in the light of the abnormally low yields provided by high-grade bonds."

Investment Company Briefs

"How $1,000 Gets the Investing Power of $2,000," is the January, 1942, version of a perennially popular Affiliated Fund sales leaflet. As the leaflet explains the leverage effect of the Fund's senior capital, the practical effect is that: ". . . For every $1,000 invested in the common stock of the Fund, much more than that sum is available for the purchase of securities. On Jan. 2, 1942, this amount was $2,195, of which $1,451 was actually invested, and $744 was being held for suitable investment opportunities." As of the close of the year more than 4,000,000 shares of Affiliated Fund were outstanding in the hands of approximately 12,700 investors.

* * *

In keeping with the trend toward franker discussion of investment administration, National Securities & Research Corp. has revealed portfolio eliminations purchases and reductions for First Mutual Trust Fund for the month of December, indicating briefly in each case the reason for the action. As of Jan. 2, 1942, Railroad Bonds represented 14.99% of the Fund's assets; Stocks represented 82.50%; and Cash represented 2.51%.

* * *

On Dec. 31, 1941, the latest **Selections** reports Selected American Shares, Inc., had 89.6% of its assets invested in common stocks, taken at market values. Based upon estimates of Standard & Poor's Corporation, it says, these selected stocks in the aggregate earned about 21% more in 1941 than in 1940. These stocks paid out only 53% of their estimated earnings in dividends; yet the dividends they did pay out were 7.9% of the aggregate year-end market value.

* * *

It's the "Lazy Dollars" in a security portfolio that hold back its performance. The net investment result is the good performance of the securities that gain the desired result less the unsatisfactory results from the securities (the "Lazy Dollars") that failed to give the desired performance. The new Security Selector of the Keystone Corporation of Boston tells how to put these "Lazy Dollars" to work in the proper series of Keystone Custodian Funds.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities.
The offering is made only by the Prospectus.

NEW ISSUE

January 21, 1942

$80,000,000

Alabama Power Company

First Mortgage Bonds

3½% Series due 1972

Dated January 1, 1942 Due January 1, 1972

Price 101¾% and accrued interest

Copies of the Prospectus may be obtained from such of the undersigned as are registered dealers in securities in this State:

The First Boston Corporation Bonbright & Company
Blyth & Co., Inc. Harriman Ripley & Co. Incorporated Smith, Barney & Co.
Drexel & Co. Goldman, Sachs & Co. Kidder, Peabody & Co. W. C. Langley & Co. Lazard Frères & Co.
Lehman Brothers Stone & Webster and Blodget Incorporated Union Securities Corporation Coffin & Burr Incorporated
Harris, Hall & Company (Incorporated) F. S. Moseley & Co. E. H. Rollins & Sons Incorporated Shields & Company White, Weld & Co.
Eastman, Dillon & Co. Hemphill, Noyes & Co. W. E. Hutton & Co. Lee Higginson Corporation
Spencer Trask & Co. Tucker, Anthony & Co. A. C. Allyn and Company Incorporated Central Republic Company (Incorporated)
Dick & Merle-Smith Dominick & Dominick Equitable Securities Corporation Estabrook & Co.
Jackson & Curtis Paine, Webber & Co. R. W. Pressprich & Co. L. F. Rothschild & Co.
The Wisconsin Company Blair & Co., Inc. Graham, Parsons & Co. Hornblower & Weeks
Laurence M. Marks & Co. Arthur Perry & Co. Incorporated Ward, Sterne, Agee & Leach Whiting, Weeks & Stubbs Incorporated
Bodell & Co., Inc. Alex. Brown & Sons E. W. Clark & Co. The Milwaukee Company Putnam & Co.
Riter & Co. The Robinson-Humphrey Company Schoellkopf, Hutton & Pomeroy, Inc.
Stern, Wampler & Co. Inc. Dean Witter & Co. Baker, Watts & Co. Bacon, Whipple & Co.
R. S. Dickson & Company Incorporated First of Michigan Corporation Granbery, Marache & Lord
Hayden, Miller and Company Johnson, Lane, Space and Co., Inc. Merrill, Turben & Co.
W. H. Newbold's Son & Co. Newton, Abbe & Company The Ohio Company Stein Bros. & Boyce
Swiss American Corporation Almstedt Brothers Courts & Co. R. L. Day & Co.
Folger, Nolan & Co., Inc. Green, Ellis & Anderson J. J. B. Hilliard & Son Laird, Bissell & Meeds
Marx and Co. Moore, Leonard & Lynch Schwabacher & Co. Chas. W. Scranton & Co.
Singer, Deane & Scribner Starkweather & Co. G. H. Walker & Co. Wells-Dickey Company

Established 1856

H. Hentz & Co.

Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK

BOSTON CHICAGO DETROIT
PITTSBURGH
GENEVA, SWITZERLAND

LAMBORN & CO.
99 WALL STREET
NEW YORK CITY

SUGAR

Exports—Imports—Futures

DIgby 4-2727

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 317)

which is important. Yet for some reason we all look at it phlegmatically.

* * *

This brings me to another point: the much vaunted ability of the market to forecast coming events. In the old days, when there wasn't an SEC and when we and the world were at peace, the market did have this quality. Putting it another way; those with the means and the ability to act on certain information did make their knowledge felt in the action of certain securities. But that applied only in the days when one man could find out from another what developments were coming to a head, e.g., dividends, earnings, new factors, etc. It was all based on the theory that one peek was better than two finesses.

* * *

Today this no longer applies. You can see it in the action of stock after stock. A surprise earning, an unexpected dividend, all fall flat. The answer is that what information there is today becomes public knowledge to everyone at the same time. The only difference lies in the ability of one man to act and the other to wonder.

* * *

The big potential today is the war. In this case no one has the answer, because no one really knows. As news of defeats or victories become known (subject to the usual censorship) the market acts accordingly. Yet even victories are not greeted with any wild enthusiasm while defeats are recognized in the market by declines. There is a reason for this too.

We have been told so long and so often how strong certain countries, or fortifications were (Maginot Line, French army, etc., etc.) that to see them live up to widespread opinion is not surprising. It is only when they crumble that we become shocked.

* * *

From the domestic front we of course have new taxes to consider. I won't go into what they'll be or how the'll affect certain companies. When they become public, you will read plenty about them in other columns, what I am primarily concerned with, is the action of the market today and tomorrow.

* * *

Two weeks ago I was optimistic. Last week I changed. The change was due entirely to the action of the market itself, which in turn reflected the news. It didn't anticipate it. I don't know what the news will be tomorrow or next week, but I do know that the market as a unit is not acting as well as I should like it act. I therefore have no alternative but to tell you how I feel about things.

* * *

No one would cheer louder than I if the market would go up and prove me wrong, but that is a chance I have to take. That being the case, I repeat the advice of last week, that the stocks you still have be sold and the cash used for repurchase, when, and if, the outlook improves. For even if they do go up, I think you'll be able to buy them back cheaper.

W. F., St. Louis, Mo. Sorry cannot make personal replies. The advice given above applies to all securities, yours included. Thank you for your opinion of this column but I cannot answer questions on securities other than those advised here from time to time.

* * *

More next Thursday.

—Walter Whyte.

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

WHISPERINGS

A security salesman we know casually, insists the following just happened to him. For weeks he had been trying to see a prospect but with little success. One day he finally was ushered in. "Young man," har-r-rumphed the Great Man. "You ought to feel highly honored. Do you know that today I have refused to see six bond salesmen?" . . . The security dealer shifted from one foot to another. "I know," he finally replied. "I'm them."

If you've tried to get any government contracts, or know anybody who has, and have spent days, maybe weeks, in trying to see the proper people and then found out there was so much red tape that you gave up in disgust, we recommend you spent a dollar and buy a book. It's called **"How Your Business Can Help Win the War."** It's published by Simon & Schuster and the introduction is by Donald M. Nelson, the new chief. The book tells you who to see, what forms to fill out, and how you can get to the person you want.

The previous item reminds us of a story we heard some time ago. It seems a man was making his first visit to Washington and after trying to see the people he started out to see, gave up in disgust and decided instead to see how Congress looked when it's in session. He approached the proper building and seeing a guard asked him if the House was in session. "Yes," said the guard with a yawn, "but I wouldn't go in if I were you." The man inquired why. "Sounds like a damned kindergarden," replied the guard.

With the song, "There's a Long, Long Trail," the hit of World War I, regaining its popularity, we thought you might like to know that it was written, not for the troops of 1917, but rather to commemorate Napoleon's retreat from Moscow. The music was written by Alonzo Elliott, a Yale senior, a year before war broke out, and was first sung by him at a fraternity banquet. In 1914, Elliott was shopping for a piano and tested each instrument with his "Long, Long Trail." A dealer hearing it advised a music publisher to buy the song.

And while we are talking about how things started you might also like to know (if you don't know already) that the jinricksha was not invented by the Japs. It was actually invented in 1871 by the Reverend Jonathan Goble, an American Baptist Missionary. Desiring to give his sick wife gentle outdoor exercise, he showed a Japanese carpenter the picture of a baby carriage in Godey's "Lady's Book," and suggested the plan and form. If you want more details look it up in the Encyclopedia Americana.

We just came across something that brought us back to the days of 1929. **Willard S. Gourse,** trader for **Benjamin Hill & Co.,** actually has 12 phones—count them, an even dozen—on his desk. Probably 10 for wrong numbers. One for quotes and the remaining one for orders.

Henry Edelmann of Henry Edelmann & Co., brings a brown paper bag to the office every day. Nothing mysterious. It's just his lunch. "Four years ago," explains Henry, "I stepped out to lunch. When I got back I found I missed a customer. Since then I always bring my lunch with me."

We just got a letter from **John A. Kerwin,** President of **Kerwin, Frotheringham & Co.,** St. Louis, Md., which says, "Here is a true instance of what one of our men, **Charles Lottman,** told a customer today with a large account. He said the customer had complained about a number of issues . . . which had gone down . . . yesterday the customer said the securities were dogs. When Mr. Lottman talked to him he told him we might as well admit they were dogs . . . the important thing was (according to Mr. Lottman) that if you did have a dead dog would you leave it around the house or would you bury it . . . and the quicker it was buried the better it would be for all concerned. . . . To me this is a honey, a true instance that our kennels are filled to overflowing, if you don't mind the paraphrase."—We don't mind, Mr. Kerwin. We don't even get it.

UP-TOWN AFTER 3

NEW MOVIES

"Johnny Eager" (MGM), Robert Taylor, Lana Turner, Edward Arnold, Van Heflin and others. Directed by Mervyn LeRoy.

An exciting, though slightly dated, yarn about life, love and philosophy among the racket boys who, supposed to be on parole are actually running the biggest rackets in town. Taylor as Johnny Eager, is the parolee who, according to the head of the parole board, is a hard working taxi driver, paying off his debt to society, going straight and reporting regularly. Actually, he's a big shot racketeer and dog track owner, a fact apparently known to everybody but the simple-minded head of the parole board. While on a social service junket, Lana Turner, only daughter of the incorruptible special prosecutor (Edward Arnold), visits the office of the parole board and runs into Taylor who is there to report. Her heart begins bumping at once. Later in the evening Taylor, while out putting what is called the muscle on a recalcitrant contributor runs into Miss Turner again and their heart bump turns into a flame. She begins by visiting his sumptuous apartment—a kind of glorified Grand Central Station—and things start popping. Her father learns of these meetings and orders Taylor to stop seeing his daughter—or else. But Taylor isn't to be told off so easily. Instead he manages to get Miss Turner involved in what she thinks is a murder so that her father not only is helpless but also agrees to assist him in opening the race track. Taylor, as the cold-blooded calculating racketeer, plays his part well. Miss Turner is as gorgeous as ever. The honors, however, go to Van Heflin, who describes himself as the "Boswell to Johnny Eager's Johnson." As the drunken philosopher Heflin gives a grand performance. All in all "Johnny Eager" is a good picture. It has enough shootings, fist fights and general excitement to please the male; enough love scenes and tears to satisfy the female, and enough good acting to please the critical.

"Joe Smith, American" (MGM), Robert Young, Marsha Hunt and others. Directed by Richard Thorpe. Based on the Cosmopolitan Magazine story by Paul Gallico.

A harrowing tale about foreign spies and how they try to get the secrets of the bomb sight from an average American workman who is installing them in American planes. It's a comparatively short picture as pictures go but it can't be called a movie that entertains. It's too grisly for that. The family life of the Smiths, husband, wife and small son, is sympathetically portrayed. But the scene—the big scene—where the father, the average American, is being slowly and methodically beaten up to make him talk, is almost too horrifying to watch. It definitely is not a picture for the kids.

NEW YORK NITE LIFE

One night last week the **Cotillion Room** of the **Hotel Pierre** celebrated something called "Pan American Night," at which, the press release said, **"Antonio and Rosario, Spanish dancers,** would be honored." The same release then went on to say that **"Captain Alastair Mackintosh** would act as host to . . . a delegation of notables from the Latin American social and diplomatic corps." Being impressed I set off to see it for myself. Well, the first thing I learned was that the host, Captain Mackintosh was in Florida, probably stretching a week-end into a seasonal stay. Never having met the gentleman I didn't know whether to be disappointed or not. However, the room, as gorgeous a place as there is in New York, was jammed with the lifted, pinky finger set. In one corner was **Mrs. Cornelius Vanderbilt** with the **Strong de Cuevas, Marquis and Marquesa di Piedrablance de Guana**. The Marquesa is the granddaughter and heiress of the late John D. Rockefeller, Sr. At another table were the **Byron Foys.** And so it went. Finally the entertainment began. **Rosario and Antonio** were as good as ever. However, the hit of the evening was **Ella Logan,** whose singing is the closest to Judy Garland's I have heard. Even **Carmen Miranda,** minus the vegetable hat, was present but all she did was to take a bow. Other "Latin American" notables were Danton Walker of the Daily News, Ware Lynch, drum thumper of the Pierre, and Malcolm Johnson of the New York Sun—and, of course, your reporter. So, buenos noches and make mine with soda. . . . A few weeks ago the **Versailles on East 50th Street** announced its new show. What with one thing and another I just got around to seeing it. Well, its quite a show. It has everything, including a tight wire rope dancer, one **Harold Barnes.** Its something of a shock to look up and see him dancing overhead. Its enough to make you swear off the stuff. The hit of the Versailles show is, of course, **Billy De Wolfe.** His satirical impressions of cocktail bar habitues, or night club masters of ceremony are enough to make you double up with laughter. Even the songs, specially written for the show are catchy. And as for what the program describes as the **"Ver-Sighs"**—six lovely girls—well, they are eye stoppers. In the latest **Versailles show, Nick Prounis** and **Arnold Rossfield** have got themselves something. The **Versailles Melange,** which is the title of the present show consists of three acts. The first goes on at 9:30, the second at 12:30 and the last at 2 a.m. . . . Look, Nicky, how about meeting one of those Ver-Sighs. Nothing personal. I just want to discuss philosophy 'n stuff. . . .

Accepts Expulsion

ST. LOUIS, MO.—H. L. Ruppert & Co. has consented to the revocation of its registration with the SEC as a broker-dealer and to its expulsion from membership in the St. Louis Stock Exchange and the National Association of Securities Dealers, Inc. The Commission had charged that the firm had conducted business with no net capital employed therein and had owed substantial sums to various customers and banks.

In its answer H. L. Ruppert & Co. had stated that all obligations to customers had been met. The firm discontinued business as of Dec. 26.

The Penthouse Club
30 CENTRAL PARK SOUTH
Adjoining The Plaza

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

Telephone PLaza 3-6910

Calendar of New Security Flotations

OFFERINGS

ALABAMA POWER CO.

Alabama Power Co. filed a registration statement with the SEC for $80,000,000 of first mortgage bonds, due Jan. 1, 1972. The interest rate will be supplied by post-effective amendment to the registration statement

Address—600 N. 18th St., Birmingham, Ala.

Business—A subsidiary of the Commonwealth & Southern Corp., this company is engaged, in the State of Alabama, in the generation and purchase of electricity and its distribution and sale at retail in 582 communities and rural areas, and sale at wholesale of electricity to other companies and municipalities. Also, purchases and sells natural gas in Phenix City, provides transportation service in Tuscaloosa and vicinity. About 99% of total gross operating revenues is derived from electric operations

Underwriting and Offering—The bonds will be sold under competitive bidding, pursuant to Rule U-50 of the Public Utility Holding Company Act of 1935, of the SEC. Names of underwriters and the public offering price, will be supplied by post-effective amendment to the registration statement

Proceeds from sale of the new bonds, together with the proceeds of bank loans aggregating $12,000,000 and treasury funds of the company to the extent necessary, will be used for the redemption or provision for payment of the entire outstanding mortgage debt of the company

Registration Statement No. 2-4917. Form A2. (12-20-41)

Declarations and applications filed with SEC in regard to the sale of $80,000,000 first mortgage bonds through competitive bidding permitted to become effective Dec. 30, 1941

Effective 4:45 p.m. EST on Jan. 8, 1942

Bonds Awarded — Issue of $80,000,000 1st mtg. bonds 3½% series due 1972, awarded on Jan. 19, 1942 to syndicate headed by The First Boston Corp. and Bonbright & Co.

Offered Jan. 21, 1942 at 101¾ and int.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

WEDNESDAY, JAN. 28

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock, by John W. Yeaman, Martinsville, Va.

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 2-4928. Form A1 (1-9-42)

PENNSYLVANIA ELECTRIC CO.

Pennsylvania Electric Co. registered with SEC $32,500,000 first mortgage bonds, due Jan. 1, 1972, and 34,000 shares Series A cumulative preferred stock, $100 par. The interest rate on the bonds and the dividend rate on the preferred stock, will be supplied by amendment to the registration statement

Address—222 Levergood St., Johnstown, Pa.

Business—This company, controlled by Trustees of Associated Gas & Electric Corp., is engaged chiefly in the production, purchase, transmission, distribution and sale of electricity for lighting, heating, industrial and general utility purposes, serving a territory in Western Pennsylvania extending from the Md.-Pa. State line northerly to Lake Erie

Underwriting and Offering—The bonds and preferred stock will be sold by company under competitive bidding rule U-50 of SEC's Public Utility Holding Company Act. Names of underwriters and public offering prices will be supplied by amendment to registration statement. The Invitations to bid for the securities specify that the company is to receive not less than 103 for the bonds and not less than $100 per share for the preferred stock

Proceeds will be used to redeem all of the outstanding funded debt of the company and Erie Lighting Co. and for property additions

Registration Statement No. 2-4929. Form A2 (1-9-42)

SUNDAY, FEB. 1

TRUSTEED ESTATES OF OREGON

Trusteed Estates of Oregon filed a registration statement with the SEC for a maximum of 500 Periodic Payment Plan Agreements

Address—Portland, Ore.

Business — Company is an investment trust. Proceeds of payments made by investors on the Agreements, and dividends and earnings realized thereon, less authorized deductions, will be used by company to purchase shares of Selected American Shares, Inc., a registered investment company of the management open-end type. These shares will be deposited in the custody of the Title and Trust Co., pursuant to a Custody Agreement

Underwriting and Offering — Periodic Payment Plan Agreements will be issued calling for the total payment of $1,800, $4,500, $9,000, $13,500, $18,000 or multiples thereof by the purchasers and the reinvestment of dividends and earnings thereon. The total aggregate offering price of the units to be embraced in the agreements registered is $900,000 plus reinvestment of dividends, the amount of which is undeterminable. The Agreements are sponsored by the depositor

Proceeds will be used for investment purposes

Registration Statement No. 2-4930. Form C1 (1-13-42)

TUESDAY, FEB. 3

TRUSTEED ESTATES OF WASHINGTON

Trusteed Estates of Washington filed a registration statement with the SEC for a maximum of 667 Periodic Payment Plan Agreements

Address—Seattle, Wash.

Business—This investment trust issued "agreements," under which the proceeds of payments made by the investors, and dividends and earnings realized thereon, less authorized deductions, will be used to purchase shares of Selected American Shares, Inc., a registered investment company of the management open-end type. These shares are and will be deposited in custody of the Seattle Trust & Savings Bank, Seattle, Wash., pursuant to a custody agreement

Underwriting and Offering—The Periodic Payment Plan Agreements registered with the SEC call for the total payment of $1,800, $4,500, $9,000, $13,500, $18,000 or multiples thereof by the purchasers, and the reinvestment of dividends and earnings thereon. The total aggregate offering price of the units to be embraced in the agreements registered with the SEC in this statement is $1,200,000 plus reinvestment of dividends, the amount of which is undeterminable. The offering is sponsored by the depositor

Proceeds will be used for investment purposes

Registration Statement No. 2-4931. Form C1 (1-15-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1.000

Amendments filed Nov. 25, Dec. 13, Dec. 30, 1941 and Jan. 16, 1942 to defer effective date

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the amount of each issue underwritten by each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Amendments filed Dec. 9, Dec. 27, 1941 and Jan. 13, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6, Dec. 24, 1941 and Jan. 12, 1942, to defer effective date

CORNELL-DUBILIER ELECTRIC CORP.

Cornell-Dubilier Electric Corp. filed a registration statement with the SEC covering $1,500,000 convertible sinking fund debentures; 30,000 shares of 5% cumulative convertible preferred stock, $50 par; and an unstated amount of common stock, $1 par, the latter to be reserved for issuance upon conversion of the debentures or the preferred stock. Interest rate and maturity date of the debentures will be supplied by amendment.

Address—333 Hamilton Blvd., S. Plainfield, N. J.

Business—Engaged in manufacture and sale of various types of capacitors, known also as fixed electrical condensers, devices for storing electrical energy between two or more conducting surfaces separated by a dielectric or non-conductor

Offering—Company states that because of the present uncertainty of wordwide conditions, it is impossible to determine at this time whether it will be more advisable for the proposed financing to be effected by means of an offering of debentures or preferred stock. It is not expected that both the types of securities will be registered, but that later either the debentures, or the preferred stock, will be sold to the public, and the other type of security will be eliminated from registration. Public offering price will be supplied by amendment

Proceeds will be used to pay $400,000 bank loans, reimburse company's treasury for expenditures made and to be made for plant, machinery and equipment during past and current years, and for working capital

Registration Statement No. 2-4924. Form A2. (12-29-41)

Company has filed an amendment with the SEC to its Dec. 29, 1941 registration statement, in which amendment the company disclosed that it has chosen to issue $1,500,000 of 10-year convertilbe sinking fund debentures, due Jan. 1, 1952, instead of the 30,000 shares of 5% cumulative convertible preferred stock, $50 par value. Amended registration statement also covered a maximum of 175,000 shares of common stock, $1 par value, to be reserved for issuance upon exercise of the conversion rights attached to the debentures. The debentures will first be offered for subscription, through rights, to common stockholders of record Jan. 23, 1942, pro rata, at a price to be supplied by amendment. The unsubscribed portion of the debentures will be offered to the public, at a price to be supplied by amendment, by the following underwriters: Eastman, Dillon & Co.; Kidder, Peabody & Co.; McDonald-Coolidge & Co.; Merrill Lynch, Pierce, Fenner & Beane; Hornblower & Weeks; Jackson & Curtis. The expiration date of the subscription offer will be furnished by later amendment

Amendment filed Jan. 16, 1942, to defer effective date

DIANA STORES CORP.

Diana Stores Corp. filed registration statement with SEC for 20,000 shares of 6% cumulative convertible preferred stock, and 60,000 shares common stock, $1 par value

Address—519 Eighth Ave., New York City

Business—Operates a chain of 25 retail women's apparel stores, located in Florida, Georgia, North and South Carolina, Alabama and Virginia. Company does no manufacturing

Underwriters—Smith, Burris & Co., Chicago, and Tobey & Co., New York

Offering—20,000 shares of 6% cumulative convertible preferred stock and 20,000 shares of common stock will be offered to the public, in units consisting of one share of preferred and one share of common stock, at $14 per unit. Underwriting commission is $2.10 per unit. Remaining 40,000 shares common stock are reserved for issuance upon the conversion of the preferred stock

Proceeds will be added to working capital

Registration Statement No. 2-4915. Form S2. (12-17-41)

Effective 12:00 noon EST on Jan. 6, 1942

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock. $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendment filed Jan. 8, 1942 to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26, Dec. 15, 1941 and Jan. 2, 1942 to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendments to defer effective date filed Dec. 22, 1941 and Jan. 9. 1942

IOWA SOUTHERN UTILITIES CO. OF DELAWARE

Iowa Southern Utilities Co. of Del. has filed a registration statement with the SEC for $10,000,000 first mortgage 3½% bonds, due Dec. 1, 1971, and $5,160,000 of 4½% sinking fund debentures, due Dec. 1, 1971

Address—Centerville, Ia.

Business—Principal business of this public utility operating company is that of generating, distributing and selling electrical energy for light, heat and power, serving 134 communities at retail in 24 counties in the southern and southeastern parts of Iowa, Also, manufactures and sells artificial gas to several communities in that area, as well as steam heat

Underwriters—W. C. Langley & Co., New York, and Halsey, Stuart & Co., Inc., Chicago, are named principal underwriters; the names of the other underwriters will be furnished by later amendment to the registration statement

Offering—The bonds and debentures will be sold to the public, at prices to be supplied by amendment to the registration statement

Proceeds, together with other funds of the company will be used to redeem the following issues of bonds of the company: $10,000,000 first mortgage 4s, due May 1, 1970; $2,660,000 general mortgage sinking fund 4½s, due May 1, 1950; and $2,500,000 of 6% series A debentures, due May 1, 1950, requiring an aggregate of $15,854,700, exclusive of accrued interest on the bonds to be redeemed

Registration Statement No. 2-4921. Form A2. (12-27-41)

Amendment filed Jan 14, 1942 to defer effective date.

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendment filed Jan. 10, 1942 to defer effective date

PANHANDLE EASTERN PIPE LINE CO.

Panhandle Eastern Pipe Line Co. filed registration statement with SEC for $10,000,000 first mortgage and first lien series "C" 3% bonds, due Jan. 1, 1962, and 150,000 shares cumulative preferred stock, $100 par value. Dividend rate on the preferred stock will be supplied by amendment

Address—1221 Baltimore Ave., Kansas City, Mo.

Business—Engaged in the production, purchase, transmission and sale of natural gas, major part of which is sold to gas transmission and gas distribution companies for resale

Underwriting and Offering — Approximately 14,000 shares of the preferred stock will be offered for subscription to holders of 63,566 shares of its outstanding common stock who have not waived their preemptive rights to subscribe for the new preferred stock, at the rate of one share of the preferred for each 5¼ shares of common stock; the subscription price will be supplied by amendment. The remaining shares of preferred stock not required for such exchange offer, together with all of the bonds, will be sold by company under competitive bidding, pursuant to Rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters and the public offering prices, will be supplied by amendment

Proceeds will be applied to the redemption of all the company's outstanding class A preferred stock; to the purchase from Columbia Gas & Electric Corp. of all the outstanding securities (stock and debt) of Michigan Gas Transmission Corp. and Indiana Gas Distribution Co.; to purchase from Ohio Fuel Gas Co. of natural gas pipe lines in Indiana and Ohio; and the balance to pay part of the cost of authorized construction work

Registration Statement No. 2-4919. Form A2. (12-24-41)

Amendment filed Jan. 10, 1942 to defer effective date

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

No bids for the purchase of the bonds were received on Dec. 16, 1941

SCHENLEY DISTILLERS CORP.

Schenley Distillers Corp. filed a registration statement with the SEC for $10,000,000 10-year sinking fund debentures, due Jan. 1, 1952, and $17,500,000 15-year sinking fund debentures, due Jan. 1, 1957. Interest rates will be supplied by amendment to registration statement

Address—350 Fifth Ave., New York City

Business—Company and its subsidiaries are engaged generally in the distilling, blending, rectifying, producing, warehousing, bottling, buying, selling, exporting and importing alcoholic products for beverage purposes, principal business being production and sale of rye, bourbon and blended whiskies in the United States

Underwriting—Mellon Securities Corp., Pittsburgh, is named principal underwriter; names of others will be supplied by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds from sale of the debentures, together with the net proceeds of unstated amount of short-term bank loans to be procured by company prior to or concurrently with the issue of the debentures, will be applied to payment of all the present bank loans of company. Amount of such bank loans outstanding on Aug. 31, 1941, was $24,000,000

Registration Statement No. 2-4925. Form A2. (12-30-41)

Amendment filed Jan. 13, disclosing a coupon rate of 3¼% for the $10,000,000 10-year sinking fund debentures, and a coupon rate of 4% for the $17,500,000 15-year sinking fund debentures

The amendment named the underwriters of the issues as follows: Mellon Securities Corp.; Alex Brown & Sons; A. C. Allyn & Co.; Bear, Stearns & Co.; Blair & Co.; Blyth & Co.; Bonbright & Co.; Central Republic Co.; Dean Witter & Co.; Dillon, Read & Co.; Eastman, Dillon & Co.; Emanuel & Co.; Estabrook & Co.; the First Boston Corp.; Hallgarten & Co.; Harris, Hall & Co.; Hayden, Miller & Co.; Hemphill, Noyes & Co.; J. J. B. Hilliard & Son; W. E. Hutton & Co.; Jackson & Curtis; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lazard Freres & Co.; Lee Higginson Corp.; Carl H. Loeb, Rhoades & Co.; Laurence H. Marks & Co.; Merrill Lynch, Pierce, Fenner & Beane; Moore, Leonard & Lynch; F. S. Moseley & Co.; Paine, Webber & Co.; Parrish & Co.; E. H. Rollins & Sons; Riter & Co.; Schwabacher & Co.; Shields & Co.; Singer, Deane & Scribner; Stein Brothers & Boyce; Stone & Webster and Blodgett; Stroud & Co.; Tucker, Anthony & Co.; Union Securities Corp.; Wertheim & Co., and Whiting Weeks & Stubbs

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

Amendments filed Dec. 16, 1941 and Jan. 3, 1942 to defer effective date

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

Address—6543 Penn Ave., Pittsburgh, Pa.

Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise

Underwriting—None

Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

Proceeds—Will be used for purchase of equipment, and for working capital

Registration Statement No. 2-4818 Form A-2. (8-22-41)

Effective—Oct 7, 1941 at 11 A. M., E.S.T

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5¼% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Underwriting and Offering—The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendments to defer effective date filed Dec. 26, 1941 and Jan. 10, 1942

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of everal operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

(This List Is Incomplete Today)

$80,000,000 Alabama Power Issue Offered

The $80,000,000 issue of Alabama Power Co. 3½% first mortgage bonds, awarded Monday to an underwriting group headed by The First Boston Corp. and Bonbright & Co., was offered to the public Jan. 21. The bonds, which are due Jan. 1, 1972, are priced at 101¾%, exclusive of accrued interest. The offering represents the first large public utility bond issue to reach the market this year.

Upon completion of the financing, the funded debt of Alabama Power Co. will consist of $80,000,000 of 3½% first mortgage bonds, plus $12,000,000 of 2⅞% bank loans which will be payable in 16 equal semi-annual instalments, with maturities ranging from six months to eight years.

As a result of capital adjustments which are being made in connection with the financing, including an additional investment by the Commonwealth & Southern Corp., the parent company, in the common stock of Alabama Power Co. through the surrender for cancellation of certain shares of its preferred stock, the outstanding capital stock of the company will have an aggregate stated value of $56,350,100. This will consist of 25,845 shares of $5 preferred stock, aggregating $2,584,500; 170,456 shares of $6 preferred stock, aggregating $17,045,600; 159,575 shares of $7 preferred stock, aggregating $15,957,500; and 3,775,000 shares of common stock, aggregating $20,762,500.

Corn Exchange National Bank And Trust Co. Of Philadelphia Earnings

The Corn Exchange National Bank and Trust Co., Philadelphia, according to David E. Williams, President, showed 1941 earnings of $1,447,369 after expenses and reserves for taxes and depreciation, of which $927,481 was from current operations and the balance from items of a nonrecurring nature. This compares with the year ending Dec. 31, 1940, in which total earnings were $1,525,368 after expenses and reserves for taxes and depreciation, of which $843,969 was from current operations and the balance from items of nonrecurring nature. This comparison shows an increase in 1941 of $83,512 in current operating earnings but a decrease of $161,511 in items of a nonrecurring nature.

After appropriation to reserve and other charges as well as increase in surplus and contingent reserve accounts during 1941 the bank's capital position now stands as follows:

Capital ______________	$4,550,000
Surplus ______________	7,000,000
Undivided Profits_____	2,329,035
Contingent Reserve____	1,032,987

Or total capital funds of $14,912,022.

The Board of Directors elected Mark Willcox, Vice - President, Beneficial Saving Fund, to take place of George W. B. Roberts, deceased.

Bond Market Outlook

R. H. Johnson & Co., 64 Wall Street, New York City, have issued their "Outlook for The Bond Market in 1942" which includes data on 17 low-priced bond issues with attractive income and profit possibilities.

Wolf d'Usseaux Will Join Northrop Aviation Co.

Wolf d'Usseaux, in charge of the industrial stock department of Blair F. Claybaugh Co., 72 Wall Street, New York City, will leave for Los Angeles on Jan. 31 to take a defense position with the Northrop Aviation Co.

Now Borton & Borton

CLEVELAND, OHIO — Following the retirement from the firm of Richard Kay, the firm name of Borton, Kay & Company, members of the Cleveland Stock Exchange, has been changed to Borton & Borton, Inc. Offices will be continued in the Union Commerce Building.

Officers of the new organization will be S. H. Horwitz, Chairman of the Board; T. Ernest Borton, the Exchange member, President; R. E. Borton, Vice-President, and Elliot B. Lemon, Secretary and Treasurer. D. M. Sheehan, Jr. will be in charge of the sales department.

Clifford B. Ewart With Trust Funds Of Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — Clifford B. Ewart has become associated with Trust Funds, Inc., 89 Broad Street, sponsors and distributors of Commonwealth Fund of Massachusetts.

Adams With Geo. Grant

(Special to The Financial Chronicle)

OAKLAND, CALIF. — R. G. Adams has become associated with Geo. H. Grant & Co., Central Bank Building. Mr. Adams was previously with Walston & Co. and prior thereto was manager of the investment department of William Raber & Co. and was with Dean Witter & Co.

"Let's Be Realists"

H. S. Edwards & Co., Union Bank Building, Pittsburgh, Pa. are distributing a most interesting brochure entitled "Let's Be Realists," discussing the attractive possibilities of investments in sound securities, and containing analyses of the situations of stocks in the Pittsburgh district which they feel will benefit by the war. "Today, and for the duration of the war," H. S. Edwards & Co. states, "is an opportunity for the wealthy men and women of this country to invest their money in good, sound securities which, it is reasonable to believe, over a period of time will show profits. These profits, if taken as they occur through the period of the next few years, will enable the Government to get taxes to foot the bill of this World War II. . ." and investors will have excess funds to invest in government bonds.

Copies of the booklet may be had upon request.

Jackley Heads Za-Ga-Zig

DES MOINES, IOWA—Winfield C. Jackley, President of Jackley & Company, Equitable Building, was named potentate of the Za-Ga-Zig Shrine at its annual meeting. Mr. Jackley will also serve as one of the representatives from the temple to the imperial council sessions. Frank R. Warden, Vice-President and Manager of the Band Department of the Central National Bank & Trust Co., 312 Fifth Avenue, was elected Treasurer.

Interested In Sugar?

An analysis of Utah-Idaho Sugar, prepared by Edward L. Burton & Co., 160 South Main Street, Salt Lake City, Utah, has just come off the press. The outlook for the stock is most promising according to the Burton Company, which will send copies of the analysis upon request.

Reilly Atkinson, Jr. Now H. P. Pratt Partner

SEATTLE, WASH.—H. P. Pratt & Company, Hoge Building, announce that Reilly Atkinson, Jr., has been admitted to general partnership in the firm. Mr. Atkinson has been associated with the H. P. Pratt Company for some time as statistician.

Ganson Purcell Made Chairman Of SEC

The SEC announced on Jan. 20 that Ganson Purcell has been elected Chairman of the Commission to succeed Edward C. Eicher, whose nomination as Chief Justice of the District Court of the United States for the District of Columbia was approved by the Senate on Jan. 20.

Chairman Purcell was appointed a member of the Commission by President Roosevelt on June 11, 1941, for the term ending in June, 1942. He first joined the Commission in September, 1934, as an attorney on the staff of the general counsel, and in 1936 became Assistant Director of the Trading and Exchange Division, and a year later became Director of that Division.

Robert H. O'Brien, Director of the SEC Utility Division, is regarded as likely to fill the vacancy on the Commission caused by Mr. Eicher's appointment to the bench.

Another vacancy on the Commission appears in prospect since Robert E. Healy has submitted his resignation to President Roosevelt, but the President has not yet accepted it. Mr. Healy, a Republican, is the only original member still with the Commission. He was appointed when the SEC was established in 1934.

Wm. B. Robbins Now With E. W. Clucas & Co.

E. W. Clucas & Co., 70 Pine Street, New York City, members of New York Stock Exchange, announce that William Bradford Robbins has become a member of their staff. Mr. Robbins was formerly an officer of Fitzgerald & Co., Inc. and prior thereto of D. M. S. Hegarty & Co.

Smith, Burris Co. Adds T. Alexander & C. Smith

CHICAGO, ILL.—Tracy Alexander and Burton Cedric Smith have become associated with Smith, Burris & Co., 120 South La Salle Street. Mr. Alexander, who has been previously associated with various investment banking houses in Chicago, will represent the firm in wholesale activities in the Middle West. Mr. Smith is a son of Cedric H. Smith, President.

Grover C. Hooker With Staff Of Bennett & Co.

(Special to The Financial Chronicle)

HOLLYWOOD CALIF.—Grover C. Hooker has become associated with Bennett & Co., Equitable Building. Mr. Hooker was formerly a partner in Grover Cleveland Hooker Co. and in the past was with Protected Investors of America.

Write For Circular

Comparisons of the published earnings of important ordnance companies, with latest available information on Auto-Ordnance Corporation (Tommy Gun) are contained in an interesting circular issued by Clokey & Miller, 52 Broadway, New York City. Copies of the circular may be had upon request from Clokey & Miller.

Remember Phila. Party

Friday, Jan. 23, should be ringed in red on your calendar—for the eighteenth annual dinner of the Investment Traders Association of Philadelphia will be held at 6:30 p.m. at the Crystal Ballroom of the Benjamin Franklin Hotel.

Will Form Ginther & Co.

CLEVELAND, OHIO — Nelson D. Ginther will form Ginther and Co. with offices in the Union Commerce Building, to act as dealers in municipal bonds and general market securities, about February 1. The new firm will succeed Fangboner, Ginther & Co.

Triumph Explosives Show Interesting Progress

Comparative sales and profits figures of Triumph Explosives, Inc., for the fiscal year ended July 31, 1941, and the five months ended Dec. 31, 1941, indicate the progress that is being made by the company, according to Duryea & Co., 65 Broadway, New York City, members of the New York Stock Exchange.

	Fiscal Year Ended July 31, '41	Five Mos. Ended Dec. 31, '41
Net sales	$3,081,443	*$2,896,219
Net profits, including dividends received & before provision for income taxes	342,239	*555,968

*The above figures for the five months ended Dec. 31, 1941, are unaudited and uncertified and are not based on physical inventory, therefore profit figure is estimated.

The company as of Dec. 27, 1941, has $38,042,210 of unfilled orders, which includes U. S. Navy contracts totaling $25,648 920, to be completed over a period of two years in new plant being constructed by the Government, the Duryea bulletin states, adding that exercise of stock purchase warrants and options prior to their expiration on Dec. 15, 1941, has resulted in the company reporting 494,722 shares of common stock outstanding as of Dec. 31, 1941. The company has no preferred stock or bonds outstanding.

The regular quarterly dividend of five cents per share is payable Feb. 1, 1942, to stockholders of record Jan. 10, 1942.

John Anglim Will Be W. E. Hutton Partner

John J. Anglim will be adadmitted to partnership in W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges. It is proposed that Mr. Anglim act as alternate on the floor of the New York Stock Exchange for William E. Hutton under section 15, article IX, which will be considered by the Exchange Governors on Jan. 29.

Wasserman To Admit Alexander Berliner

Alexander L. Berliner will become a partner in Wasserman & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 29. Mr. Berliner was formerly a partner in Berliner & Co. and in the past was a partner in Loeb, Alsberg & Berliner.

New Director Of Ass'n Of Stock Exchange Firms

James F. Burns, Jr., President of the Association of Stock Exchange Firms, announced on Jan. 17 that Harold P. Goodbody, of Goodbody & Co., has been elected a Director of the Association of Stock Exchange Firms to fill the vacancy created by the recent retirement of Glenn G. Munn, of Paine, Webber & Co.

E. O. Thorwaldson Joins Empire Securities Corp.

(Special to The Financial Chronicle)

FRESNO, CALIF. — Ellis O. Thorwaldson has become associated with Empire Securities Corporation, whose main office is located at 412 West Sixth Street, Los Angeles, Calif. Mr. Thorwaldson was formerly with Marshall, Sanders, Inc., and Amerax Corporation; in the past he was Fresno manager for Hannaford & Talbot and Donnellan & Co.

Dominick At 14 Wall St.

Dominick & Dominick, members of the New York Stock Exchange and other leading exchanges, announce the removal of their offices to 14 Wall Street, New York City.

NYSE Firms Are Urged To Adopt Payroll Plan In Re Defense Bonds

Emil Schram, President of the New York Stock Exchange, on Jan. 19 sent a letter to member firms, asking them to advise the Exchange whether they have already established a payroll allotment plan for the purchase of Defense Savings Bonds and, if not, are they willing to do so as soon as possible. Pointing out that the Stock Exchange, as well as many member firms, has introduced this payroll allotment plan, Mr. Schram said that he was desirous of reporting that 100% of the Exchange's member firms have adopted the plan. He further said that the payroll allotment plan provided the "most systematic method by which the workers and salaried people of America can invest in a share of their own Government on the installment or budget plan." His letter added:

> The New York Stock Exchange has, on behalf of its members, member firms, staff and organization, pledged wholehearted loyalty, support and cooperation to the President of the United States and our Government. I am earnestly desirous of being able to report that 100% of our member firms have established payroll allotment plans within their respective organizations.

J. B. Edwards Joins Staff Of Lester Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — James B. Edwards and Samuel M. Warmbath have become affiliated with Lester & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Edwards was formerly manager of the local branch of Barbour Smith & Co., with which firm Mr. Warmbath was also associated. In the past Mr. Edwards was an individual floor broker on the Los Angeles Stock Exchange and was an officer of Rutland, Edwards & Co.

Partridge, Williamson Join Pacific Company

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Wiley E. Williamson and Wallace S. Partridge have become associated with the Pacific Company of California, 623 South Hope Street, members of the Los Angeles Stock Exchange. Mr. Williamson was formerly local manager for Mason Bros. Mr. Partridge for many years was with Mitchum, Tully & Co.

Goodwin Beach Joins Brainard, Judd & Co.

(Special to The Financial Chronicle)

HARTFORD, CONN.—Goodwin Beach, formerly proprietor of Goodwin Beach & Company, which has been dissolved, has become affiliated with Brainard, Judd & Company, 75 Pearl Street, whose staff the personnel of Goodwin Beach & Company is also joining.

Clarence Nelson With Baker, Weeks, Harden

Clarence Nelson has joined the trading department of Baker, Weeks & Harden, 52 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges. Mr. Nelson was formerly in charge of the trading department of Kean, Taylor & Co. for many years.

Wall Street Cashiers Get 1942 Nominations

George Steinrich of Bayles, Softye & Co., chairman of the nominating committee of The Cashiers Association of Wall Street, Inc., announces that his committee has submitted the following slate for officers, directors and nominating committee for 1942:

Officers: Thomas B. MacDonald, Blyth & Co., Inc., President; Robert T. Craig, A. C. Allyn & Co., Inc., First Vice President; Ralph Jones, E. H. Rollins & Sons, Inc., Second Vice President; Morgan Gibbons, R. E. Swart & Co., Inc., Secretary, and Marvin W. Waldbillig, Halsey Stuart & Co., Inc., Treasurer.

Directors: Fred W. Q. Birtwell, Stone & Webster and Blodget; Joseph Costa, L. F. Rothschild & Co.; Leo P. Deignan, White, Weld & Co.; M. Leslie Denning, A. G. Becker & Co., Inc.; John Grinwis, Schoellkopf, Hutton & Pomeroy; Joseph Hughes, Blair & Co., Inc., and Thomas P. Keely, Green, Ellis & Anderson.

Nominating Committee for 1942: William S. Vanck, Chairman, Manufacturers Trust Company; Alvin H. Turton, Frederic H. Hatch & Co., Inc., and Rudolph Lang, Smith, Barney & Co.

The annual meeting and dinner of the association will be held on Wednesday, Jan. 28, 1942 at the Hotel Belvedere at 6:30 p.m. Entertainment will follow the dinner.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Jan. 19 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Jan. 21 and to mature April 22, 1942, which were offered on Jan. 16, were opened at the Federal Reserve Banks on Jan. 19. The following details of this issue are revealed:

Total applied for ___ $351,585,000

Total accepted _____ 150,330,000

Range for accepted bids (excepting one tender of $200,000):

High—99.930.

Low—99.942. Equivalent rate approximately 0.229%.

Average Price—99.950. Equivalent rate approximately 0.196%.

There was a maturity of a similar issue of bills on Jan. 21 in amount of $150,185,000.

With this issue of bills, dated Jan. 21, the Treasury ordered that qualified depositories return to the old practice of paying for the bills in cash or other immediate funds. Since last November (bill issue dated Nov. 19) the Treasury had permitted banks to pay for bills by credit through the War Loan Deposit Account.

NASD Gives Opinion As To "Trade Date"

The National Uniform Practice Committee of the National Association of Securities Dealers, Inc., announces:

The Committee has been asked to determine the correct "trade date" in a transaction of the following type:

A dealer in an Eastern city leaves a bid or offering with a dealer in a Western city good until the close of the latter's business day. The Western dealer accepts the bid or offering on that day but, due to the difference in time between the two localities, his notice of acceptance is received by the Eastern dealer on the following day.

In the opinion of the Committee the correct trade date for a transaction of this type is the day on which the Western dealer accepts the bid or offer, even though the acceptance may not reach the Eastern dealer until the following day.

SEC Applications For Broker Dealer Registry

The following applications have been made with the Securities and Exchange Commission for registration as brokers and dealers on the dates indicated:

Dec. 2, 1941—E. G. Olwell & Co., 115 Broadway, New York, N. Y., Janet Laidlaw Flahive admitted as a general partner with Eugene F. Flahive and Evans Gerard Olwell withdrawn as a general partner.

Dec. 4, 1941—The Ewald Company, 1725 Compton Road, Mt. Healthy, Ohio, Charles J. Ewald and Victor H. Ewald as partners.

Dec. 5, 1941—M. E. Tobin Company, 842 Bushwick Avenue, Brooklyn, N. Y., Maxwell E. Tobin, sole proprietor; Lee Clark Vinson, 2950 West 14th Street, Cleveland, Ohio, a sole proprietorship.

Dec. 6, 1941—Russell T. Polk, 1395 Goodbar Avenue, Memphis, Tenn., a sole proprietorship.

Dec. 10, 1941—James Peter Anderson, 649 East Blackwell, Blackwell, Okla., a sole proprietorship; Arthur E. Nelson & Co., Paulsen Building, Spokane, Wash., Arthur E. Nelson, formerly President, now sole proprietor, Ross R. Smith having withdrawn as Vice-President; Herbert S. Hale, Adams Street, Oyster Bay, N. Y., a sole proprietorship; Merton J. Stickel, 26 Ingram Street, Forest Hills, New York, N. Y., a sole proprietorship.

Dec. 13, 1941—B. C. Christopher & Co., 200 Board of Trade Building, Kansas City, Mo., Stanley Christopher, Sr., withdrawn as general partner, B. C. Christopher, Jr., James K. Christopher, Lewis C. Herwig & Hearne Christopher continuing as partners; Stanley Augustus Sitler, 2206 Penn Avenue, West Lawn, Pa., a sole proprietorship.

Dec. 15, 1941—R. B. Fox, 5417 Ross Avenue, Dallas, Tex., Richard Benjamin Fox, sole proprietor; Moeller & Shaw, Inc., 1704 Penobscot Building, Detroit, Mich., Julius H. Moeller, John C. Shaw, Sarah E. Moeller, and George F. Mehling, officers; Moore & Hill Co., 804 17th Street, Washington, D. C., William A. Hill, sole proprietor; Wilbur Morse, 6809 Emlen Street, Pelham Court, Philadelphia, Pa., a sole proprietorship; Vernie Petroleum Co., 334 Court Arcade Building, Tulsa, Okla., C. M. Sheldon, O. H. Sheldon, M. H. Sheldon, and W. W. Sheldon, officers.

Loewenstein With Broy Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — Matthew J. Loewenstein has become affiliated with The Broy Company, 381 Bush Street, members of the San Francisco Mining Exchange. Mr. Loewenstein was formerly manager of the unlisted department of Lewis & Broy.

Hughes With Bayly

(Special to The Financial Chronicle)

LONG BEACH, CALIF. — Charles F. Hughes, formerly local manager for Battelle, Dwyer & Co., has become associated with Bayly Brothers, 132 Pine Ave.

JOTTINGS

(Continued from Page 316)

the Navy's lack of alertness was not its own choice. Certainly there is unpublicised buck-passing between the Navy and the State Department already. Guess is that maybe the "trouble" was in Washington, which might have said, "Don't go alarming the Japs with maneuvers and such right now; maybe we can stall them off a while till we get stronger." Was that wisdom, appeasement, or both?

They say Judge Healey can hardly avoid resigning now, due to the many news stories that he would. It seems strange if he hoped for the chairmanship. He deserved it, being much the longest on the Commission, but he had balked the White House once or twice and been passed over once. That leaves Pike, the senior, with only 1½ years service. He probably wouldn't take the chairmanship if it was offered, for several reasons. Ted Sheridan's resignation was natural; the job of chairman's assistant accumulates grudges. If Healey goes the Commission may get a weak Republican. Before Philadelphia, some SEC people wanted to go to Richmond, because it is so obviously out of the way that after the war the Commission would be more likely to be brought back.

All tax stories now and until Henry Morgenthau appears before the Ways and Means are either (1) newswriters' guesses, or (2) trial balloons by officials or Congressmen.

Final bill probably won't be passed and signed until June 1.

On 1941 incomes there will probably be no more grief or relief.

Guesses on revenues are confused by (1) the overlapping of fiscal and calendar years (remember how the 1941 Revenue Act to raise "at the rate of" $3,500,000,000 was expected to produce only around $2,000,000,000 in the fiscal year 1941-42 when finally passed in September); (2) rationing, which may cut down excise and sales tax revenues; and (3) increases in the taxable part of the "national income" so that any guess as to the revenue from any proposed schedule must carry a date; current tax rates schedules, for instance, were estimated last June to yield around $12 billion, but are now estimated to produce $18 billion in 1942-43 and your jotter would put the figure considerably above that.

Incidentally there's a crying demand for some big alimony-payer to hire a good lawyer to present a readable and succinct plea to Ways and Means this spring and a legally tight draft of an amendment to shift the tax on alimony to the ex-wife. Or several sufferers might pool their funds. Ways and Means members appear to be taking the easy view of alimony-payers, that "they made their bed, let them lie in it" or words to that effect.

Anent the Rio conference, the whole inter-American economic picture has been almost revolutionized in the last year. The trade balance which favored us now favors South America. Their plea was for U. S. markets but now our plea is for S. A. commodities. . . . They put protective tariffs up against our manufactured goods; now they want more than we can spare. . . . They wanted credits, now they have rising trade balances and all the political loans they can use. . . . The old problem was tariffs, both ways. Now the bone of contention is prices—how high can they force prices by bargaining on our necessity, as in Cuban sugar, Brazilian coffee, Argentine wool, Chilean copper. . . .

Miscellaneous. . . . Washington is full of jobs, both in and out of the services, which Wall Streeters could fill easily. But the salary pull-down is awful. . . . No matter what they say, advertising men, networks, magazines, and newspapers are worried stiff over future advertising. The $900,000-a-year Ford Hour, for instance has just been dropped. . . . New York newspapers are cutting staffs, or not replacing those who leave. . . .

BIDS MADE ON BONDS WITH

COUPONS MISSING
OR
MUTILATED

Inquiries Invited

S. H. JUNGER CO.
40 Exchange Pl., New York
Phone DIgby 4-4832 Teletype N. Y. 1-1779

Reid Named President Of Detroit Exchange

DETROIT, MICH.—Andrew C. Reid, partner in William C. Roney & Co., was elected President of the Detroit Stock Exchange for 1942, succeeding Paul T. Bolinger. Hal H. Smith, Jr., partner in Smith, Hague & Co., was named Vice-President, and Sidney E. Ferriss, Ferriss, Wagner & Miller, Treasurer. Milton A. Manley, M. A. Manley & Co., and Charles A. Parcells, Charles A. Parcells & Co., were elected governors for a three-year term. Clark C. Whickey will continue as Executive Vice-President.

Blewer and LaBarge Receive Promotions

ST. LOUIS, MO.—Mercantile-Commerce Bank and Trust Company, Locust-Eighth-St. Charles, announces appointments in its bond department of Clarence F. Blewer as assistant manager and Louis G. LaBarge as assistant sales manager. Mr. Blewer has been with the bank since 1935, following a previous connection with Harris, Forbes & Co.; Mr. LaBarge's association with the bank dates from 1920.

Neuwoehner & Gremp With Murdoch, Dearth

(Special to The Financial Chronicle)

ST. LOUIS, MO. — Murdoch, Dearth & White, Boatmen's Bank Building, announce that Raymond Gremp and Hiram W. Neuwoehner, formerly partners in the dissolved firm of Neuwoehner, Gremp & Co., have become associated with them. Also with Murdoch, Dearth & White is Leonard Betz who was for a number of years connected with the Neuwoehner, Gremp firm.

Henry Keenan To Be E. A. Viner Partner

Henry C. Keenan, member of the New York Stock Exchange, will be admitted to partnership in Edward A. Viner & Co., 149 Broadway, New York City, on Feb. 2. Mr. Keenan has been an individual floor broker in New York for many years. His admission to Edward A. Viner & Co. will give the firm a New York Stock Exchange membership in addition to the Curb membership held by Edward A. Viner.

Eagle Lock Co.
R. Hoe & Co.
COMMON
Deep Rock Oil
American Hair & Felt
•
HAY, FALES & CO.
Members New York Stock Exchange
71 Broadway, N. Y. BOwling Green 9-7030
Bell Teletype NY 1-61

REMEMBER . . .

IT *is important to you, that our up-to-the-minute facilities with their nation-wide coverage,*

ARE *entirely at your disposal in making accurate and firm trading markets in*

OVER-THE-COUNTER SECURITIES
(Actual Trading Markets, Always)

Kobbé, Gearhart & Company
INCORPORATED
Members New York Security Dealers Association
45 NASSAU STREET, NEW YORK

TELEPHONE RECTOR 2-3600
PHILADELPHIA TELEPHONE ENTERPRISE 6015
BELL TELETYPE NEW YORK 1-576
HARTFORD TELEPHONE ENTERPRISE 6425
BOSTON TELEPHONE ENTERPRISE 1250

Autocar Corp.
Aetna Standard
Auto Ordnance Corp.
Botany Worsted Mills
Struthers Wells-Titusville
Wickwire Spencer Steel

J. F. Reilly & Co.
Members
New York Security Dealers Assn.
50 Broad St., New York, N. Y.
HAnover 2-4660
Bell System Teletype, N. Y. 1-2480

Merck & Co., Inc.
(common & preferred)
Brown & Sharpe
World's Fair 4s, 1941
Merrimac Mfg. Co.
United Cigar-Whelan
Evans Wallower Zinc
Mexican Internal & Ext'l Bonds

M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-8780
Teletype N. Y. 1-1397

Beckman To Be Partner

Frederic W. Beckman will be admitted as a limited partner on Jan. 29 by Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange.

Our Reporter On "Governments"

The big question—in fact, the crucial question in the U. S. Government mart today—is how valuable and how "permanent" may the tax-exemption privilege on outstanding issues of Treasury securities be considered. . . . Next to that major subject, most other topics appear insignificant. . . . For we know the Government market is holding up well. . . . We know the Treasury and Federal Reserve System will rush to its support should such support become necessary. . . .

The questions, then, revolve around what issues and what maturities to buy and hold rather than around primary buying and selling policies. . . . And that's where the question of tax-exemption comes in to plague all present and potential investors in Federal, State and municipal securities. . . .

Last week, we saw the rather peculiar phenomenon of a strong market for taxables and a sloppy market for tax-exempts. . . . Peculiar, that is, considering the tax prospects and the day-to-day news on the financing of the war. . . .

The reason for this action, though, was a large selling order by one big institution. . . . The selling of tax-exempts and buying of taxables was much more restricted than the price records might indicate at first glance. . . . This is important, for it suggests that faith in the continuance of the exemption privilege is more widespread than a superficial examination might imply. . . .

There haven't been many buyers for high-premium tax-exempt bonds lately—particularly since the issuance of the 2s of 1951-49 on the January refunding. . . . There has been a considerable amount of switching in the Government mart due to:

(1) The inclination of some institutional holders to sell their new 2s of 1951-49 because they don't want issues of that long maturity and to purchase short-term notes. . . .

(2) The inclination of other institutional holders to sell their longer-term outstanding bonds and to buy the 2s of 1951-49 because they prefer that maturity range. . . .

You always see a mixed-up market right after a major cash borrowing or refunding. . . . This time has been no exception. . . . And with the doubts about tax-exemption adding to the confusion, there is nothing surprising in the slight unsettlement witnessed lately. . . .

How Long?

No one can guess with any amount of confidence as to the value or permanence of tax-exemption on outstanding issues. . . . (We're not even mentioning future issues. Governments, of course, are taxable. States and municipals aren't, as yet, but while a postponement of the removal of the privilege seems highly likely and the odds are the Ways and Means Committee will shelve the entire subject for a while, the probability is future issues of States and municipals will be taxed before 1942 is out. That, too, is a guess, though.) . . .

What we're concerned with, however, is the status of outstanding securities. . . . And on this, these points seem pertinent.

(1) There is, and will be, terrific political opposition to any "obvious" move to eliminate the tax-exemption privilege because any move of this type would strike at the foundations of contract law and constitute a breach of promise on the part of the Government. . . .

(2) A subtle move to eliminate the privilege by lowering the normal corporate tax and boosting the surtax to tremendous levels wouldn't make much sense because the normal corporate tax is directed at more than banks. . . . It's directed at corporations, remember—and lowering the normal tax just to get at holders of tax-exempts would seem a move of last resort rather than an immediate possibility. . . .

(3) There's lots to be done with taxes before the Treasury need get around to this subject. . . . A general sales tax, for instance, surely would come first. . . . And every authority in Washington knows this is a delicate subject. . . .

What we've listed here are some of the less obvious points bearing on this question. . . . The primary objections to removing the tax-exempt privilege on outstanding issues you know as well as you know the name of your own institution. . . .

Once these are digested, the probability of near-term action destroying the tax-exemption privilege seems unlikely. . . .

You can carry this on from here—into matters of your own policy and switching maneuvers. . . .

At "2½%"

A hint from the President. . . .

In his budget message, President Roosevelt set aside $2,500,000-000 for debt service. . . . Figuring the debt at $100,000,000,000 to $120,000,000,000 by the middle of next year, or the end of the 1943 fiscal year, that would suggest a rate of borrowing of between 2.3 and 2.5%. . . .

Now when the President sets a figure of this nature, we can be sure he has been well informed on the probabilities of achieving the goal. . . .

So let's dispense with the arguments and look forward to war financing on a 2½% basis for long-term bonds. . . . (A prediction made in this column frequently in the past.) . . . Let's expect that prediction can be carried out unless events even now beyond our comprehension occur. . . .

What does 2½% mean to the market?

Well, the 2½s of 1972-67 are at 100⅛ today. . . . The mid-60 maturities yield from 2.04 to 2.27%. . . .

So, that means a market continuing around this price level. . . .

As for the short-term market, that may tighten a little, but it can't tighten much without affecting the long-term market. . . . And if the Government decides not to permit the long-term market to be affected—well, you finish the sentence. . . .

New Financing

No news out on the next cash borrowing, of course. . . . And none expected for at least another two to three weeks. . . .

Chances are, though, the Treasury will raise some extra funds through the open market in February. . . . Either through raising the bill sale total or through issuing another block of long-term bonds. . . . Increased bill total seems more probable at this moment. . . . If so, next big cash borrowing will be held off until March. . . . Before tax collections, though. . . .

Don't forget the Treasury will be getting back millions of dollars of the tax-anticipation notes it sold last fall. . . . It won't be getting nearly as much new cash from tax collections as the printed figures on collections will suggest. . . .

Borrowing will be essential—make no mistake about that. . . . Just a question of which week. . . .

Inside the Market

The new 2s are considered highly attractive bonds by dealers, despite banks' first disappointment over maturity. . . . Many of them had wanted shorter stuff. . . . But in 1951 maturity is short—only nine years—and the rate is good for this range. . . . Lots of switching possibilities indicated. . . .

Trading is thin these days. . . . Dealers aren't taking positions as they once did. . . . When orders come in to houses, they ask buyers to wait while they pick up bonds to fulfill demand. . . . They don't have bonds in position—one major reason for thin market recently. . . .

Staggering maturities with ⅔ to ¾ in 10-year maturity range and balance in long-term stuff suggested by one dealer, who agrees income is more important than maturity these days. . . .

Treasury has ruled subscriptions on weekly bill offerings must be paid for in cash or in other immediately available funds for first time since November. . . . Until now, banks have been able to pay for bills by using book credit system. . . . Explanation is growing Treasury expenditures and Secretary Morgenthau's natural desire to have cash on hand. . . .

Republic of Colombia

GOVERNMENTAL · DEPARTMENTAL · MUNICIPAL

FULLER, CRUTTENDEN & COMPANY
Members Chicago Stock Exchange
120 South La Salle St., Chicago · Telephone Dea 0500 · Teletype CG-35

Final Edition
THURSDAY
In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4036
New York, N. Y., Thursday, January 22, 1942
Price 60 Cents a Copy

On The Foreign Front

European Stock Markets

Modest trading has been the rule in recent sessions on the London securities markets, with the tone dull. The reverses in Malaya have depressed some areas of the great British market and have occasioned caution throughout. Fears of inflationary developments have modified, moreover, and interest in equities has lessened in consequence. The mood of the London market for the last week rather resembles the apparent resignation so long noted here in New York.

During the latter half of last week a little nervousness developed in tin, rubber and similar issues at London. Gilt-edged stocks were relatively firm, and industrials lost only small fractions. After a firm opening on Monday, the British market experienced fresh declines this week. Bargain hunters began to pick up tin and rubber shares, but oil issues turned quite soft. Latin-American securities lost their appeal when the Rio conference reports turned gloomy, Tuesday.

Markets in unoccupied France were firm in recent trading. Rentes are in good demand on soft money rates, and there is talk of extensive refunding of corporate obligations. Adequate reports remain lacking of the markets in Axis and occupied portions of Europe.

Churchill In London

Prime Minister Winston Churchill returned to London last Saturday, somewhat more than a month after he began his epochal journey to Washington for conferences on war strategy and production with President Roosevelt. The British war leader was greeted heartily by his countrymen, despite popular doubts about the grand strategy being pursued with respect to the European and Asiatic conflicts. A restlessness quite comparable to that in the United States prevails at present in England, owing to the gains made by the Japanese member of the Axis.

At the White House in Washington the arrival of Mr. Churchill in London was signalized by a public statement to the effect that a complete understanding had been reached on joint planning for present and future military and naval operations. This statement merely emphasized the obvious, for no hint of discord was heard while Mr. Churchill and his

(Continued on page 334)

FROM WASHINGTON
AHEAD OF THE NEWS

Several hours before the tremendous, internationally important, world shaking document—one that must have, indeed, made Hitler shake in his shoes—emanated from John L. Lewis to the effect that he had proposed a joining of the CIO and the AFL, his publicity staff, the most competent in Washington, had circulated among the Washington newspapermen, with the word that a terrific "blast" was coming from Lewis at a certain time. It was a beautiful build up and something with which the industrialists' publicity men, for some reason or another, have never been able to cope.

A New York "Times" reporter, with what might be called amazing enterprise, went beyond Lewis' statement. He "delved" into the subject, so to speak, and "learned" that the arrangements had gone so far that the slate of officials for the joint labor enterprise had been agreed upon—whereby George Meany of the AFL building trades would be President of the new set-up at $20,000 a year, and Phil Murray, head of the CIO, would be Secretary-Treasurer at $18,000 a year, and Bill Green, present head of the AFL, would be retired at $20,000 a year.

Other newspapermen, having written the dramatic story at its full face value, are now laughing about what happened when they called up Phil Pearl, the publicity man for Green. In effect this man said:

"It's mighty funny that you fellows get so excited every time John Lewis makes a statement and don't get excited when Bill Green makes one."

This gentleman has had his tribulations ever since Steve Early of the White House secretariat, got him his job with Bill Green several years ago. He was formerly a Hearst man and had been covering the White House.

(Continued on page 335)

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.

GENERAL CONTENTS

Editorials

Page
Money as A Standard for Deferred Payments 330
Reciprocal Tax Immunity 330
The Simple Truth 329

Regular Features

Financial Situation 329
Moody's Bond Prices and Yields 346
On the Foreign Front 329
From Washington Ahead of the News 329
Items About Banks and Trust Companies 336

State of Trade

General Review 331
  Commodity Prices—Domestic Indexes 340, 346, 349
Commodity Prices—World Index 343
Petroleum and Its Products 352
Iron and Steel Operations—Weekly Review 348
Weekly Electric Output 349
Bank Debits 346
Carloadings 344
Weekly Paperboard Statistics 342
Weekly Coal and Coke Statistics 345
Weekly Lumber Movement 330
November Auto Financing 340
December Living Costs 340
December Cotton Consumption 340
Employment Payrolls in N. Y. State Factories 341
November Crude Oil Output 342
November Natural Gas Output 344
Retail Food Price Changes 349
Reserve Banks Report on Business 350
Freight Cars on Order 333
Retail Prices in December 347
December Chain Store Sales 346
Commercial Papers Outstanding 346
October Gas Company Statistics 330
Actual Cotton Spindles 351
1941 Construction 351
Canadian Business Index 351

Miscellaneous

NYSE Odd-Lot Trading 340
Trading on N. Y. Exchanges 343
Bank Earnings:
  St. Louis Reserve Bank 340
  Manufacturers Trust Co. 337
  Chase National Bank 337
  National City Bank 338
  Commercial National Bank 341
  Grace National Bank 341
  Corn Exchange Bank Trust Co. 342
  Bankers Trust 342
  Brooklyn Trust Co. 339
1941 Wheat Loans 337
1941 Corn Loans 337
Ecker Leaves Metropolitan Life 337
No Savings Confiscation 337
Education in Thrift 338
Landis with OCD 338
Large U. S. Munitions Output Demanded 338
Chicago Mercantile Exch. Governors 338
SEC Form For Unit Trusts 338
N. Y. Reserve Bank Promotions 338
Eccles Against Local Tax Reductions, Tax Exempts 339
Defense Bond Sales Up, Savings Deposits Down 339
Grain Sales Price 339
SEC Amends Hold. Company Form 339
Lamont For Red Cross Drive 339
Market Transactions in Governments 310
Ship Labor Disputes Board 341
N. Y. Community Trust Grants 341
Lend-Lease to Uruguay 341
Ransom For Federal Reserve Board 341
Dollar Acceptances Outstanding, Dec. 31 341
Steinhardt to Turkey 341
Auction Sales 342
1941 Cotton Loans 342
Winton to New Zealand 342
Controls and Speculation 343
Corn Loan Repayments 343
English Financial Markets 343
London Stock Exchange 343
Schram Assails Capital Gains Tax 344
Curb Seat Retirement 344
Wickard Demands Record Farm Output 346
More Private Defense Housing Financing Urged 335
Finance Section Red Cross Quota 335
Private Claims Procedure 352
Alien Owned Materials 352
Bank Liability on Forged Checks 352
Lease-Lend Shipments 351
Farm Product Prices 351
Pennsylvania Factory Employment 351
Old-Age Insurance Coverage 351
Lower Exemptions, Withholding Tax Urged 332
CCC Cotton Sales Conditions 349
A Post-War Program 349
NASD Membership Maintained 350
U. S.-Mexico Defense Board 350
Quotation Company Elects 350
Szymczak Demands Price Fixing, Etc. 348
Export Freight Permit Plan 331
Free Society and Civilian Population 333
NYSE Asks Blood Donors 347
Insolvent National Bank Dividends 347
Cost of Living in December 347
Copper Statistics 347
December 5 & 10-Cent Store Sales 347
Items About Banks, Trust Cos. 336
Changes in Holdings of Reacquired Stock 345
Nelson War Production Chief 345

THE FINANCIAL SITUATION

It is most ardently to be hoped that the silly season which seems to have prevailed in many quarters ever since Pearl Harbor will very soon come to an end. Various groups which have seized what they appeared to regard as golden opportunities to strut and fret their hour upon the stage would do well to be heard no more henceforth. This war will not be won by stage management, nor by clever use of what has now become commonly known as "propaganda" or "publicity stunts." If labor leaders like Mr. Lewis wish to promote labor peace, let them take off their coats and go to work for the cause, meanwhile forgetting about the galleries. If Senatorial committees desire to serve the cause by constructive criticism, let them inform themselves about the subjects under stricture and confine their conclusions to those which the facts warrant—and be ready to supply evidence to support their allegations. If we wish to indulge in self-gratulation over the abundance of our resources and the record of our industrial achievement, let us do so, but let us not forget that resources, however abundant, will not win the war unless skilfully and vigorously employed for that purpose—and, further, let us at all times bear in mind that we have yet to demonstrate our ability to do precisely that, no matter what we may have accomplished in the arts of peace.

Above all let us, each and every one, be certain when we applaud, not to say demand, heroic action from the Government at Washington that we ourselves are quite ready to have it do what is demanded of it, and that we stand prepared so to shape our individual courses as to promote its achievement. The people of this country—not only the army and the navy, but the people—were not by a wide margin prepared for "total war" when Pearl Harbor was attacked. To be sure, we were crying out for all manner of measures short of war but almost certain to bring war—yet we were still clinging tenaciously to the delusion that we could do all this and yet remain at peace, or if obliged to go to war we should not be obliged to enter very vigorously or extensively into the contest. To be sure, we enthusiastically, even bombastically, enlisted as the arsenal of democracy, but there was little or nothing to

(Continued on page 332)

The Simple Truth

The idea of increasing wages and income, agricultural income included, as the cost of living index goes up, is a fallacious approach to the problem of inflation. It should be obvious to all of us that the standard of living cannot be maintained. * * *

If this war is going to be fought on a basis of what we are going to get out of it instead of what we are going to put into it, then we are going to lose it. So long as the only interest labor has in the problem of production is to get greater wages, and so long as the only interest that business has in it is to get greater profits, and the only interest the farmer has is how he is going to get higher prices for his product, then we have many tears and much blood to shed.**—Marriner S. Eccles.**

Many times in the past we have felt ourselves obliged to disagree with Mr. Eccles, but in this instance we are certain that he speaks the unvarnished truth.

We are further convinced that his message is one of the utmost urgency. It is the failure of the American people in the past, and in more than one case at present, to understand or to appreciate these simple truths that underlies some of the most serious difficulties of the day.

Mr. Eccles would, we imagine, readily agree, moreover, that among those who need to come to grips with the realities of the situation are Tom, Dick and Harry in their capacity as consumers.

We want to win this war. We must win this war, but that we can not do without paying the price, each of us, in our daily living.

It is time that truth dawned fully upon us all.

Lumber Movement Week Ended Jan. 10, 1942

Lumber production during the week ended Jan. 10, 1942, was 32% greater than the previous holiday week, shipments were 5% greater; new business 5% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 9% above production; new orders 25% above production. Compared with the corresponding week of 1941 production was 14% less, shipments 15% less, and new business 0.5% less. The industry stood at 129% of the average of production in the corresponding week of 1935-39 and 129% of average 1935-39 shipments in the same week.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 40% on Jan. 10, 1942, compared with 31% a year ago. Unfilled orders were 20% greater than a year ago; gross stocks were 8% less.

Softwoods and Hardwoods

Record for the current week ended Jan. 10, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1941 Previous Wk. (rev.)
Mills	447	447	443
Production	192,866	223,838	146,667
Shipments	210,969	247,936	201,230
Orders	241,349	242,548	253,399

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	368	93
Production	182,611—100%	10,255—100%
Shipments	201,011—110%	9,958— 97%
Orders	231,042—127%	10,307—101%

Chain Store Sales Index

The chain store trade in December enjoyed the best business in its history. Total sales were the largest on record in point of volume as well as from seasonal standpoint.

The "Chain Store Age" index of sales for the month rose to 157 of the 1929-1931 average as 100, from 151 in November. The December, 1940 index was 128, indicating an increase this year of 22%.

The index figures for December by groups compare as follows:

	Dec., 1941	Nov., 1941	Dec., 1940
Variety Chains	160	153	140
Shoe	185	170	164
Apparel	178	162	149
Drug	175	153	151
Grocery	147	145	112

Oct. Gas Co. Statistics

The American Gas Association in January, 1942, reported that revenues of manufactured and natural gas utilities amounted to $68,640,700 in October, 1941, as compared with $64,912,800 for the corresponding month of 1940, an increase of 5.7%. Revenues from industrial and commercial users rose from $23,564,700 a year ago to $27,116,700 in October, 1941, a gain of 15.1%. Revenues from domestic uses such as cooking, water heating and refrigeration, etc., amounted to $41,524,000 in October, 1941, a gain of 0.4% over the figures reported in 1940.

The manufactured gas industry reported revenues of $31,796,400 for the month, an increase of 1.9% from the same month of the preceding year. Revenues for industrial purposes increased 22.2% while commercial revenues increased 1.2%. Revenues from domestic uses were 0.8% more than for the corresponding month of 1940.

The natural gas utilities reported revenues of $36,844,300 for the month, or 9.3% more than for October, 1940. Revenues from sales of natural gas for industrial purposes gained 19.4%, while the increase in revenue from sale for domestic purposes was 1.3%.

Editorial—

Reciprocal Tax Immunity

Signs are multiplying that another test soon will be made of the reciprocal tax immunity of Federal and State instrumentalities, which the Administration in Washington desires to terminate through a simple assertion of power to subject State and local government securities to Federal income taxation. In the heated arguments of the last few weeks hardly a reference has been made to the question of method involved in this long-standing dispute. If so-called tax exemption is to end, however, then the sovereign right of freedom from taxation by the central government should be surrendered by the States only under agreement, which is to say by way of a Constitutional Amendment.

President Roosevelt opened the latest phase of this battle in his budget message of Jan. 7. "It seems right and just that no further tax-exempt bonds should be issued," the President said in this document, and he expressed the "personal belief" that income from outstanding state and local government bonds is taxable under the Income Tax Amendment to the Constitution. As in his special messages of April 23, 1938 and Jan. 19, 1939, Mr. Roosevelt once again recommended legislation to tax all future issues of this character. The previous recommendations, it may be added, failed utterly to further the Presidential contentions. They led to investigations which established, beyond any question, that this is a much overrated financial issue, but a very delicate and significant political issue.

The political aspect vastly overshadows the financial aspect because it goes straight to the heart of our peculiar American system of dual government. Nothing is clearer in jurisprudence than the immunity of a sovereign from taxation by another sovereign. In our own system the States, as untrammeled entities, granted to the Federal Government specific powers and reserved to themselves or to the people the powers not so specifically granted. Every test before the Supreme Court, without a single exception, has sustained since the beginning the immunity of each governmental entity from taxation by the other, where such taxation touched the underlying concept of sovereignty.

Thus it is that this question of state and city bond immunity from taxation by the Federal Government runs to the foundation of our system of divided and delegated powers. Up to the time of the Civil War it was the Federal Government that was overshadowed by the States and had to defend itself before the Supreme Court from submergence by the several States. After that conflict ended the trend turned the other way, and the States have been defended time and time again from the steadily growing power of the Federal Government and the efforts at Washington to curtail, if not discontinue, the sovereign rights of the States.

But all of this has been ignored in the renewed controversy over the matter, which bids fair to continue indefinitely and to become ever more acute as Federal taxation increases. Federal spokesmen invariably endeavor to limit the issue to a "matter of equity," and phrases loaded with moral connotations, such as "right and just," flow readily from the pens of the Federal advocates.

Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, last week joined the battle, by asking the Mayors of American cities at their annual convention not to oppose the President on this matter. Mr. Eccles obviously was unaware of some basic financial considerations involved, for he dragged in consumer purchasing power and the threat of inflation as reasons for conceding to the Federal Government this power of taxation over the States and their local units. The Mayors were so little impressed that they promptly and unanimously adopted a resolution reiterating their "determined opposition" to Federal taxation of State and City securities, either by statute or by administrative or judicial decree.

The Conference on State Defense, of which New York's Solicitor General, Henry Epstein, is Chairman, cut the ground completely from under Mr. Eccles, by pointing out in a general statement that Federal taxation of future issues of State and City securities would be unproductive for ten to twenty years to come. Such a Federal tax would burden and impede local borrowing power and accomplish little else, in a financial sense, Mr. Epstein said. He cited the statistics of the United States Treasury, itself, as showing that hardly any revenue would be available from taxation even of outstanding bonds.

In recent years the most penetrating analyses of the purely financial side of this question have been made, largely because of the earlier messages from Mr. Roosevelt to Congress. Such analyses show conclusively that the situation is quite as Mr. Epstein depicted it. A Senate minority report, which a substantial majority of the Senate subsequently sustained, recognized this more than a year ago. Mr. Roosevelt's proposal was blasted in that report as "economically unsound and unconstitutional."

There remains the strictly Constitutional and appropriate method of dealing with this thorny problem. This is the method of a Constitutional Amendment, which almost all skilled Constitutional constructionists regard as the only proper approach. Such an amendment would settle the issue in accord with the requirements of our dual system of government. Even a Federal administrator with real vision should prefer this method, for a properly drawn amendment would safeguard not only the States from Federal encroachments, but also the Federal regime from State encroachments. As the fabric of time is woven, the strands once again may spell out an ascendency of States and of local units over the Federal Government.

Editorial—

Money As A Standard For Deferred Payments

Experts in monetary science commonly agree that the legitimate and necessary functions of sound money are fourfold. In their view these functions begin with those relating to current exchanges, which require facilitation (1) by recourse to a monetary unit capable of serving as a common denominator of values in exchange and (2) as the basis of a sound currency generally acceptable as a medium of payment in commercial transactions. Satisfactorily performed, these concurrent functions contribute vastly to the efficiency of the economic organization of society, simplifying the processes of production and exchange, increasing the productivity of labor and capital by facilitating division of labor with specialization and localization of productive functions, and by eliminating necessity for resort to the cumbersome and inadequate processes of barter. But a sound monetary system must do more than that. It must (3) supply a tolerably stable standard for deferred payments and (4) be capable of serving acceptably as a means for the storage of values providently accumulated against requirements and demands certainly or contingently accruing or likely to accrue in the future.

Agreements calling for deferred or future payments are naturally and usually written in terms of the local monetary unit of value. Hence, in the United States, demand and promissory notes, time certificates of deposit, drafts and acceptances, individual and corporate bonds, life insurance and other insurance contracts, contracts for life and term annuities, the preference provisions of preferred stocks, and the paper evidences of private and public indebtedness, are, almost absolutely without exception, written in terms of dollars and multiples of dollars.

The Dollar Is What The Congress Says It Is

But what is the dollar? Before 1933, the dollar of the United States was statutorily defined as 25.8 troy grains of nine-tenths fine gold. By Presidential decree, or proclamation, promulgated under legislative authority accorded by a statute of Congress, the statutory definition was superseded soon after President Roosevelt's first inauguration and the fine gold content reduced two-fifths to 15 5/21 grains. Moreover, President Roosevelt obtained from Congress additional authority, which he still retains, further to diminish the gold value of the nominal monetary unit to any amount not less than 12.9 grains, so that, as the law now stands, an additional degradation equivalent to 15.34%, or nearly one-sixth, of the present reduced value can still be achieved whenever the Chief Executive so determines. Repeatedly, efforts have been made by leaders in Congress and outside of Congress, to withdraw this extreme delegation of legislative authority to the President. As frequently as these efforts have been made they have been combatted with every power of persuasion and coercion which the White House can bring to bear upon Congressmen and Senators, and invariably the consequence has been the renewal or extension of this abnormal authority over the basis of the monetary system of the Nation. That is by no means all that has happened to undermine the American dollar and to destroy it as a standard for deferred payments and as a store of values against accruing demands and obligations. The executive and legislative tampering with the historic and established standard of value, in 1933, led to a series of interpretive decisions by the highest Federal Court, the net result of which, supplementing the legislative and executive action described, was to leave the United States wholly without any standard dollar capable of being used in the measurement of future payments, and not susceptible at any time of modification, despite the objection of any party to any existing contract. The President, under the law as it now stands, possesses power to reduce the obligation of every contract for any sort of future payment by almost one-sixth of the nominal amount that it appears at this moment to represent, while Congress and the President together, or Congress alone by a two-thirds vote, may effect any greater degradation of the yardstick, or dollar, that may be determined upon. Consequently, when any American, under present conditions, deposits money in any domestic bank, purchases a private or public note or bond, acquires an interest under any insurance policy, or buys an annuity payable to himself or to another, he obtains nothing but a promise to pay dollars conforming to whatever definition the President and Congress may have determined to prescribe by the time the right to receive payment accrues and at the date on which payment is in fact demanded and received. He acquires only a paper promise to make a paper payment, perhaps another promise to pay dollars of a different and lower intrinsic quality.

Contractual Security Prohibited

Executive and legislative action, beginning in 1933, did not stop with weakening the dollar as a standard for deferred payments and the currency as a store of values, but it prohibited and penalized contractual provisions that, if allowed to remain effective, would have secured the holder of obligations against losses from such action. The agitation led by William J. Bryan, in 1896, for the establishment of a bi-metallic currency with free coinage of both silver and gold at a weight ratio of sixteen ounces of silver to one of gold, was regarded by holders of all classes of bonds, insurance policies, annuity contracts, and by great fiduciary and endowed institutions, as threatening the integrity of their properties and investments by providing that future payments might legally be tendered and made in largely depreciated money. To meet that exigency most business men, investors, and lawyers believed that it was quite sufficient to provide that the future payments must be made "in gold coin of the existing weight and fineness." Reduction of the gold-content of the standard dollar, in 1933, would not have harmed annuitants, holders of insurance policies, depositors in savings banks and commercial banks, endowed charities and educational institutions, or owners of private or public bonds, if this "gold-clause," which had become almost universal, had been permitted to remain in effect. But Congress legislated to nullify this clause in pre-existing contracts, including those of the United States, and to prohibit its inclusion in future contracts. And the Supreme Court, to the surprise and indignation of most competent lawyers, sustained this impairment of contractual obligations, theretofore freely made, and approved the limitation upon future contractual powers. Therefore, not only is the United States today deprived of any certainly stable standard of deferred payments but the right of private contract to insure against statutory and compulsory reduction of such eventual payments has been effectively denied.

The power of the President and Congress in this regard has no limit whatsoever. Having already deprived the standard gold dollar of two-fifths of its intrinsic value; having taken it out of circulation and made the paper currency irredeemable except at the pleasure of the Administration; having penalized any holding of gold coin or bullion by its citizens, individual or corporate; having made contracts providing for alternative options as to the media of payments unlawful; the authority of the Government in these premises has not been exhausted. Power that could cut the standard dollar from 25.8 grains to 15 5/21 grains, and authorized the President to make, at will, a further reduction to 12.9 grains, cannot be challenged on account of the even more extreme degree of some future degradation. As lawfully as Congress authorized and permitted Mr. Roosevelt's 1933 reduction of 40%, any other Congress, now or hereafter, is empowered to degrade the intrinsic gold value to five grains or one grain or even less. If that threat does not seem to any one to impend over all promises to pay in the future, whether private or public, it must be because that one has an unaccountable faith that what the past has witnessed and what many other countries have endured will never be repeated, even under extreme incitement of circumstances, in the United States.

Inflation

Congress, during the latter half of the session that closed in December, and so far during the present session, has struggled rather unsuccessfully but with degrees of determination widely varying within its membership, over one side of the great problem of wartime inflation. It is seeking, with a great deal of reluctance and considerable stress of dread of economic and political perils, to find terms and measures with which to restrict excessive increases in prices and wages and thus in the cost of living according to customary and suitable standards. That is one side of an important problem which must be dealt with. Inflation, however, is always two-sided. Prices and wages rise with demand and scarcity, the latter sometimes artificially created. They rise, quite as certainly and often much more abruptly and violently, when money loses the attractiveness which rests entirely upon public confidence that its capacity to perform all its legitimate and essential functions will continue undiminished. This is the other side of the problem of inflation. It was upon this side that John Law's conception of printing-press money led to confusion and bankruptcy in France; that the assignats of the French Revolution lost all their value; that the Continental currency of this country left its lasting legacy in the aphorism, "not worth a Continental;" and that the Confederate paper money of 1861-1865 fell to its value as old paper or to collectors of curiosities in the shape of worthless fiat money. The unsoundness in the monetary system here described is known, of course, to every competent legislator, to every banker, and to every well-advised investor. It is not one incapable of correction at this time, while the gold resources of the United States stand at a very high level and its economic strength has not been notably diminished. Correction is still a simple problem which a courageous and determined Congress can solve whenever it chooses to act with vigor and resolution, independently of pressure from another department, pressure that cannot be less than irrational without being motivated by purposes inimical to the general public welfare. To attempt to deal effectively with the other and less dangerous aspect of inflation, while leaving everything that ought to affect confidence in the circulating medium itself in its present chaotic and threatening condition, would be unspeakably fatuous and wholly futile. It would be like boarding tightly the south side of a house in a polar latitude while leaving the north side completely open to the weather.

The State Of Trade

Business activity forged ahead considerably, with most of the leading industries showing substantial weekly gains. Carloadings, electric output, steel operations, lumber production and automotive activity reflected the increased tempo of war production.

Retail dollar volume during the week exceeded the same 1941 period by from 13 to 20%, making for the largest margin of improvement recorded for any week in several months excepting that immediately preceding Christmas, Dun & Bradstreet reported. The Middle West averaged 15 to 25% higher in retail sales, although several major cities were beginning to note the adverse effect on trade of growing priorities unemployment.

Department store sales on a country-wide basis were up 32% for the week ended Jan. 10, compared with the same week a year ago, it was shown in weekly figures made public by the Federal Reserve System. Store sales were up 21% for the four-week period ended Jan. 10, compared with last year.

Electric power output for the week ended Jan. 10, 1942, was reported by the Edison Electric Institute to have reached 3,480,344,000 kilowatt hours, close to the peak production of 3,495,140,000 kilowatt hours realized during the week ended Dec. 20, 1941.

The energy available for distribution during last week exceeds by 15.9% the output for the same week last year, and represents an increase of 5.8% over the previous week's production.

An increase in the nation's carloadings to total of 737,172 cars was reported by the Association of American Railroads for the week ended Jan. 10. This represented a gain of 60,638 cars over the previous week, reflecting chiefly greater traffic in less-than carload merchandise and a substantially increased movement of coal.

However, the report indicated that severe weather conditions in many sections of the country had held the recovery in rail traffic below seasonal proportions.

An advance in automobile production this week is announced by Ward's Reports, Inc. It estimates output at 75,625 cars and trucks. This compares with 60,190 last week and 124,025 in the corresponding 1941 week. However, Ward's does not anticipate any further significant increase in automotive production. It reports that a study of the defense operations of automobile plants showed that speed is being made in converting factories from civilian to military tasks.

Engineering construction awards for the week total $83,262,000, a decline of 41% from a week ago, and 7% under the volume for the corresponding week a year ago, as reported by "Engineering News-Record." Public construction is 44% lower than last week, but 42% higher than in the 1941 week as a result of the 114% increase in Federal work. Private awards are 9% under a week ago and 70% below the total for the week last year.

Engineering construction awards in 1941 totaled $5,868,699,000 for the highest volume on record, 47% above the previous high set in the preceding year, according to "Engineering News-Record" reported this week. 65%, or $3,823,397,000 of the total was for defense jobs, the trade magazine said.

With further demand for building and material for additional munitions plants expected, steel production last week receded one-half point to 96%, due entirely to lack of scrap, according to the magazine "Steel." Lines are being drawn tighter in the steel industry, it is pointed out, and in most products high priorities are covering production almost to the exclusion of civilian supply.

Meanwhile, says "Steel," every means possible is being used to keep production close to capacity and in spite of obstacles output is maintained at record levels. "While lack of scrap continues to hamper production," the magazine continues, "many open hearths being idle for that reason, labor interruptions no longer cut into working time, which is a distinct gain compared with last year.

Steel production is scheduled this week at 97.7% of capacity, against 97.8% a week ago, 93.4% a month ago and 96.5% a year ago, the American Iron and Steel Institute reported. The schedule for the current week is equal to output of 1,614,200 net tons, against 1,615,800 tons the week before and 1,557,400 tons for the corresponding 1941 week.

Although national income this year will be some $10,000,000,000 greater than last year, money income of consumers available for purchase of commodities and services may be no greater than it was last year, authoritative quarters state.

Incomes of industrial workers will be some 15% greater than last year, according to the Bureau of Agricultural Economics. These incomes will thus be double what they were at the beginning of the war.

Higher taxes on individual incomes is expected to hold consumer purchasing power to about 5% above last year. When the higher sales of defense bonds are added, purchasing power will be about the same as last year. This purchasing power situation is not likely to be reflected in retail trade until later in the year. Lower income groups have been affected relatively little as yet, and are not likely to feel the pinch until higher social security taxes, possible withholding taxes and greater participation in defense bond purchases reduce their income.

Export Freight Permit Plan Adopted by Roads

Railroads handled to North Atlantic ports in 1941 approximately the same volume of export freight as in 1918, yet traffic moved into those ports in the past twelve months has been handled smoothly and without congestion by the railroads, the Association of American Railroads announced on Jan. 17.

In regard to the Pacific Coast ports, the A. A. R. said, the railroads have placed in effect a permit system to regulate the movement of export freight into those ports. Under that plan, commercial export freight consigned to Pacific ports will not be accepted by the railroads unless steamer space has been definitely allocated for such shipments. This plan has been placed in effect to prevent excessive accumulations of commercial export freight at those points and the use of freight cars for storage purposes. It means that the volume of export traffic moved by the railroads to the West Coast will depend entirely on the number of ships that are available to handle that traffic.

Export freight handled at North Atlantic ports—Portland, Maine, to Hampton Roads, Virginia, inclusive—amounted in 1941 to 414,429 cars, excluding grain or coal, compared with 346,913 in 1940, or an increase of 19.5%. In 1918 such traffic handled through those ports totaled 416,011 cars. In other words, the volume of export traffic handled at North Atlantic ports in 1941 was 99.6% of that during 1918, the peak year of the World war. The total number of cars, domestic and export, unloaded at the Port of New York alone in December, 1941, was 106,405 compared with 100,186 in December, 1918.

Cars of grain unloaded at North Atlantic ports increased from 27,060 in 1940 to 44,486 in 1941 or 65%.

Export traffic moved into all ports along the Atlantic, Gulf, and Pacific Coasts in 1941 amounted to 632,079 cars, excluding grain and coal, compared with 535,141 in 1940, or an increase of 12%. Grain unloaded at those ports increased from 34,427 in 1940 to 48,661 in 1941, or 41%. Coastal traffic decreased 10%.

THE FINANCIAL SITUATION

(Continued from First Page)

indicate that we were ready to place democracy's guns above our butter.

Obviously the bombs dropped on Pearl Harbor did violence to many of these notions. The immediate response was a wave of great indignation, a violent demand that we return an eye for an eye and a tooth for a tooth, and loud avowals of unity, patriotism and all the rest. But the vocal chords can afford no test of patriotism, nor can determination to win be demonstrated with fine phrases. It was at once evident to all thoughtful men that, whatever the cause or whose-ever the blame, we were in for a trying period of very considerable duration. The course of events soon made all this clear, or should have made it clear, even to the wayfaring man. Very little consideration was necessary to convince every one that if this unpleasant business was to be brought to an end as promptly as circumstances permitted, titanic efforts and very considerable and very general sacrifices would be required of us all. A great many of our people are without doubt now fully prepared to pay whatever price may be necessary, but, with deep regret be it said, there are evidently a number who are not so prepared.

Partial Support For Total War

Here lies one of our greatest dangers. It must be disheartening indeed to those who must bear the burden of prosecuting this defense effort and this war to find the agricultural population—one must suppose that it supports the Congressional recalcitrants—demanding not only that it remain upon the public payroll but that it be made the subject of special treatment at the expense of the remainder of the people in the matter of prices. The wails that have risen to the welkin in Detroit from the throats of wage earners concerning the hardships they think will be imposed upon them by reason of the "conversion" of the motor industry to war production must of necessity have the same effect. The rush of a great many to lay in surplus stocks of all sorts of goods they think may presently become scarce, likewise speaks volumes. Savings banks deposit figures, which show that in very large part the recent purchases of savings bonds merely represent a sort of "switching" operation from one type of investment to another, scarcely suggest what the bond sales figures otherwise might. All in all, the question remains open as to whether the American people by and large are prepared for the program that has been and is being laid out for them with their apparent vocal support.

The success of our entire effort will be placed in serious jeopardy if we are not so prepared or do not become so very quickly. The President has very recently made sweeping changes in the machinery responsible for military supplies and the like for the purpose of eliminating the confusion and mismanagement which heretofore have ruled in this business. He has made a successful business man responsible for this essentially business endeavor, and he has clothed him with ample authority. Precisely how he will meet this enormous responsibility can not, of course, be determined in advance, but it can be said that only by some such procedure as this can we hope for success. One thing is certain. That is, to succeed, Mr. Nelson, upon whom we must all now rely so greatly, must promptly, even ruthlessly, issue orders and initiate steps which can not fail to impose hardships upon us all. They have begun to come even now, and many more must follow. Will he have the full support of the American people? If not, he is foredoomed to failure. If with each step he must meet the hostility of a Washington lobby, or if as one after the other of these limitations are imposed upon us we raise a hue and cry—or, for that matter, if we do not unite to frown out of countenance each group which undertakes to make itself sui generis in these matters—then there is no reason to hope for success and certainly no reason presently to blame him for failure.

The first task for the American people is to be certain that the beam has been cast from its own eye. Then it may in the future well complain, if occasion arises, of what is taking place in Washington.

"Conversion"

Again, it is of great importance that we be careful not to permit ourselves to be deceived by glib phrases which often make many difficult, time-consuming, intricate tasks appear absurdly simple. "Conversion" of plants from the manufacture of peace time products to the production of such articles as tanks, planes, guns and the multitude of other items of material is most certainly not a mere matter of "tolerances" (a now popular term for accuracy). Far from it. The tools which make our passenger automobiles and countless other mass-produced articles of ordinary peace time consumption are for the most part highly specialized mechanisms. So must those be which are capable of mass production of armament. To suppose it is possible that by a few relatively simple changes, such as characterize the "tooling up" for a new model car, such tools can be converted from one use to the other would be about as wide the mark as supposing that by turning a screw here and there, adding an attachment or two, or refining some part of the mechanism it would be possible to convert a linotype machine into a Diesel engine.

Some Things To Remember

It is difficult to guess what part of the allegations of "unconscionable" profits from defense contracts and even stark corruption in the administration of the defense program is true and what part is merely "politics." It would scarcely be surprising if a certain admixture of both were to be found, the circumstances being what they are. Certainly the earnings statements of the larger corporations give little evidence of excessive profits. Of course, nothing can be said in defense of either "gouging" or corruption, no matter where found. Such charges as have been made involving these practices must in due course, so far as they appear to have substance, be fully investigated and appropriate action taken. It is important, however, to realize that these things relate to the past. Governmental machinery has now been extensively overhauled, and the quality of management henceforth, we must all hope, will be a great deal higher than heretofore. It must be part of the duties of Mr. Nelson and his associates to see to it that such misconduct in the future is eliminated or at the most held to a minimum. But in the circumstances the big problem is production, unprecedented, "impossible" production. It would easily be possible to permit arguments about profits and the like to get seriously in the way of production. What we want, and what we must have now, is an unprecedented number of planes, tanks, ships, guns and the rest—all, of course, of first grade quality. We naturally want to get them as cheaply as possible, but we must have them whatever the cost—and let it not be forgotten that under existing and probable future tax arrangements it is not easy to keep exorbitant profits, even if they are made.

About the best that can be said for Mr. Lewis and his alleged "labor peace" effort is that this gentleman is still bent upon fishing in troubled waters. The divided status of the so-called labor movement in this country has without question given rise to many difficulties. About equally certain is it that it will continue to be troublesome in the future quite regardless of the Lewis stage management. Many of our troubles in this field have, however, stemmed from other causes, and they too can not be counted too certainly as things of the past. But in labor matters, also, the more serious aspects of the situation have to do with matters which restrict production, and here, too, we should do well to judge the temper of labor and the quality of labor leadership by what takes place in the future rather than what has happened in the past. One thing is certain, and that is that henceforth we can not afford to tolerate labor tactics which interfere with maximum production. We must, of course, do what is possible during this emergency to limit those evils which almost invariably arise upon such occasions, but the big thing is to get along with winning the war.

These are some of the considerations we should all do well to bear in mind during this season of bickering and petty intrigue here at home.

Lower Exemptions And Withholding Tax Are Advocated By Eccles To Finance Defense

The lowering of income tax exemptions from $1,500 to $1,200 in the case of married persons and from $750 to $600 as to single persons was advocated on Jan. 19 by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System in discussing proposals incident to the financing of the Nation's defense program. Mr. Eccles, whose views were expressed before the mid-winter meeting of the New York State Bankers' Association, held in the auditorium of the Federal Reserve Bank of New York, likewise proposed a reduction in the $400 exemption for dependents. He declared himself "unalterably opposed" to a general sales tax, and stated that "the practical job of collecting income taxes seems to me to call for a withholding tax." Mr. Eccles observed that "We have been gradually, over the last year or so, adjusting ourselves to huge government expenditures, in comparison with what we thought in the past were huge expenditures. But what we have done in the past, when measured by the recent budget requirements, fades into insignificance." In part he went on to say:

To give you a comparable picture, in June of 1940, we were spending for our entire defense effort about $150,000,000 a month. At the present time we are spending $150,000,000 every three days. By the time we are carrying out the present program called for by the budget we will be spending $150,000,000 a day. We must step up our present expenditures three times. We are called upon to spend for defense more than half of our entire national income, more than $50,000,000,000. Up to the present time, we have had but little inflationary development. The reason for that is due largely to the fact that we had a great slack of both manpower and productive facilities that were not being utilized to their capacity. Thus, during the past two years we have been in the process of building up our national income from around $70,000,000,000 to around $100,000,000,000, through the more complete and full utilization of our manpower and our productive facilities.

No matter what the income in dollars of our people may be, labor, agriculture, and business, there is only going to be so much left over after the requirements of our war effort have been met. What is going to be left over is going to be increasingly less as the war requirements increase. It is therefore important that the funds available for the purchase of a diminishing supply of goods and services likewise be less, or that they be diverted into public financing.

The idea of increasing wages, income, agricultural income included, as the cost of living index goes up is a fallacious approach to the problem of inflation. It should be obvious to all of us that the standard of living cannot be maintained, and when an effort is made to increase wages, salaries and income to meet increased living costs, all we are doing is feeding an inflation cycle. You are increasing the purchasing power without increasing the supply of goods available, because that is something that there is a limit to.

There are two ways of getting the money to finance the defense program. One is through taxes, and the other is through borrowing. Both of these methods, of course, will have to be used in increasing amounts. $100,000,000,000 national income about the amount of our present national income, and that income will likely go to possibly $110,000,000,000, maybe as high as $125,000,000,000, depending upon the success of holding the price structure in line.

Any such an income as that normally gives to the people of the country a great amount, a great volume of funds for new investment, and that would be after providing for a very great volume of consumers' durable goods, and that would be after paying very substantial taxes. It would seem to me that out of that national income we could collect $25,000,000,000 to $30,000,000,000 of taxes. Say the national income is $110,000,000,000, which it may well be in the fiscal year '43, from next July to July '43, the period covered by the budget. That would leave from $80,000,000,000 to $85,000,000,000 after Federal taxes were paid. Any such national income as that certainly would make available $15,000,000,000 to $20,000,000,000 of savings that would normally be used for good investment.

The present budget picture calls for receipts in the next fiscal year of approximately $28,000,000,000 and this means under the present tax law, it is estimated about $19,000,000,000 will be collected by the Federal Government in taxes. It means that we must collect in accordance with the President's program approximately $9,000,000,000 of additional funds. The proposal is to collect $2,000,000,-

000 of that from Social Security, and to collect $7,000,000,000 from new additional taxes. That means that corporation taxes, excess profit taxes, will have to be substantially higher than at the present time. It would seem to me to indicate that excess profits will be almost a thing of the past, but I don't know why that shouldn't be the case. It means that surtaxes on individuals will have to be increased.

If we would look at the Canadian and the British picture we will get some idea of the amount of increase in taxes that will be necessary if we are going to collect one-half of our public expenditures in taxes. If we are spending over half of our national income and are going to collect one-half of that in taxes, then you can see about the kind of rates that are going to be necessary. It means there will be less exemption for inheritance and gift taxes. It means there must be higher rates in both of these categories. It means—it would be my view, at least, that it should be done—that the exemptions which are now $1,500 and $750 should be further reduced, possibly to $1,200 and $600. The exemption for dependents of $400 will likewise have to be reduced. It will be my view that it would be more equitable, and would be more sound, to reduce those exemptions than it would to put in a general sales tax. I am unalterably opposed to a general sales tax. It is a regressive tax and not a progressive tax. It is based upon no principle of equity, no relationship whatever to ability to pay. There is a subsistance wage that is absolutely essential for the maintenance of health and moral in this country, and certainly an exemption of $1,200 for a married couple, or $600 for a single person is not excessive, and that amount certainly is about the minimum that is essential for food, shelter and clothing, even in a war economy.

The practical job of collecting income taxes seems to me to call for a withholding tax. Certainly where so many people will be subject to income tax as is now the case, and as would be the case even to a greater extent if the exemption is reduced as I have indicated, a withohlding tax at the source would greatly lessen not only the expense of collecting the tax, but it would collect the tax at the time the income was received and would avoid the recipient of that income spending the funds only to find a year later, when the tax was due they didn't have the funds. It is essential, it seems to me, to have a withholding tax in order that the inflationary effect of the government expenditures would be reduced, by avoiding the lag between the expenditure and the time the taxes are paid.

If other taxes could be paid on a quarterly basis, even beyond the withholding tax, based upon estimates, it seems to me that that might likewise help to avoid the inflationary effect by the Government recovering as rapidly as possible some of the expenditures that it would be making.

I have always had in mind that the withholding tax would be deducted from the income tax that would be due in the following year. For instance, whatever revenue bill is passed in 1942, the income tax under that revenue bill would fall due in 1943. If the exemptions, as I have indicated, are reduced, and if the income tax rates are increased, then whatever revenue, or whatever tax that would call for in '43 would be lessened by the amount of any withholding tax that had been collected in the year 1942. If we are going to avoid a sales tax, such a proposal as that would seem to me to be one of the practical and equitable ways of meeting the problem. I think that there has got to be an increasing amount of what I call excise taxes, rather than a general sales tax. The excise tax should be applicable to those goods in particular that are needed for defense purposes. On those goods where the amount available for civilian supply is very restricted, an excise tax would dampen the demand for those goods. But to put an excise tax on essential foods, on rents, on essential clothing, on drugs and medicines that are essential, it would seem to me to be unwise and unequitable.

With reference to the question of how the job should be financed aside from the tax program, I have only spoken very generally about the kind of a tax program that I think is essential. In that connection, though, I would like to read just one paragraph from the President's budget message on this subject, because it will give you, if you haven't read it carefully, at least what his views are with reference to this question of taxes. Specific tax proposals were not, of course, included in the President's message. He suggests that progressive taxes should be strengthened by closing loopholes. Exemptions in estate and gift taxes should be lowered and the privileged treatment given certain types of corporate business should be reexamined. Excessive profits should be recaptured. In addition to these suggestions, the President believes that the time has come for extraordinary tax measures to combat inflation, and he urges Congress to give careful consideration to tax measures which have been suggested for that purpose, such as income taxes collected at the source, payroll taxes—he mentions the Social Security taxes; that is taxes that would be added to the Social Security fund—and excise taxes. He also recommends that Congress should consider the desirability of tax legislation which makes possible quick adjustment in the timing of tax rates and the collections during the emergency period.

In spite of the kind of a tax program that seems to me to be in the making, it is going to be necessary to borrow a very large amount of money, something around $30,000,000,000. It is essential that that borrowing be done outside of the banks.

We have at the present time in the banking system already created what I speak of as deposit currency, as well as actual currency in circulation, very close to $50,000,000,000. That is almost double the amount of funds that we had in 1929. These funds, of course, are owned by our depositors. The bank does not loan these funds. The banks loan their excess reserves, or they loan funds that they may borrow from the Federal. The owners of these funds—and I am not speaking of the savings funds. I am speaking of the demand deposits which at the present time have a very low, or what we term a slow velocity. I am speaking of the great amount of currency that is not being utilized, a lot of it is hoarded. I would like to see those idle funds and idle currency, so far as possible invested in Government securities. It is true that they do not create inflation so long as they are lying idle, but they are a potential inflationary threat, and if they are not utilized, it will become necessary for the banks to do more and more of the Government financing and to the extent that they do, they increase the total supply of deposit currency. It is that process that is fraught with danger.

I have suggested that a short term tap issue be put out, that might run two years, three years, four years, five years, that would have, say, a coupon on it of one rate for the first six months, a little higher rate for the second, a little higher rate for the third, higher rate for the fourth, and so on, with an average rate depnding upon the period in which the tap issue was permitted to run, such an issue to be a non-negotiable issue, to be available not to the banks but to other investors, that it be issued in amounts of, say, not less than $1,000, and that at any interest payment date, upon 30 days' notice, it could be cashed in. That would give the holder of a security of that sort a six months' investment, or a three or five year investment, depending on how long they wanted to carry it, and there would be no loss in principle, there would be no depreciation. They would get an interest return based upon the time in which the Government was permitted to use the funds.

It has seemed to me that there are possibly $7,000,000,000 or $8,000,000,000 available in funds in the banks for that sort of an issue. You may say, "Well, we don't want to lose these funds." The point is, you don't lose the funds, because the funds will be coming right back to you as fast as they are going out. The funds that the depositors in your bank invest in Government securities, the Government immediately spends those funds.

Then we could have a long term tap issue, say a 15-year, 2½, which would merely be an extension of the 12-year series G without the limitation of $50,000, which would be available to the institutional type of investor, such as our insurance companies, savings institutions, savings departments of commercial banks, on some limited basis. In other words, I am not wedded to any particular type of issue, but it does seem to me that we must design our financing to meet the requirements of the investor, every type of investor, that we must try to bring in all of the funds from every possible source that we can, and then if with the type of Government financing that has been indicated, with the kind of a tax system that has been indicated, the Government is not getting sufficient funds to take care of its current outgo, the banks should be used, and an offering should be made to dealers and the banks of short term securities, up to 8 and 10 year bonds. Those would be market issues, the banks to be favored in the allocation.

There seems to be abroad the idea that the Government is going to force people with funds to invest in Government securities, and there has been some currency hoarding, I think, as a result of some people feeling that their funds might be forced into Government securities. There never was a more fallacious rumor. There is not the remotest indication or desire, I am sure, on the part of the Government to force those with deposits in banks to invest those funds in Government securities. What the Government is primarily interested in is to induce people to save currently. It is more important that the current income be invested in the Defense Bonds than it is that existing funds be drawn out of institutions that already have those funds invested in bonds. People have not done their duty merely by drawing out their funds from insurance companies, or drawing funds out of a mutual savings bank, and investing them in bonds, and continuing to go on living just as they have always lived.

President Roosevelt's budget message was referred to in our Jan. 8 issue, page 97, and the text of the message appeared in these columns Jan. 15, page 226.

Says Strengthening Of Free Society Is The Great Task Of Civilian Population

The strengthening of the sinews of free society is the great task which faces the civilian population of the nation today, according to Paul G. Hoffman, President of the Studebaker Corporation. Its accomplishment would insure the kind of morale needed to win the war, Mr. Hoffman said, in an address before the Tulsa (Okla.) Chamber of Commerce on Jan. 14. He asserted that this job is just as vital to winning the war as that assigned to the fighting forces and is one that has long needed doing.

Explaining that any attempt at this time to answer why free society has been losing ground in the United States would involve the realm of politics, economics and other controversial subjects. Mr. Hoffman stated, however, regardless of whether it is the cause or effect, that these two brutal facts must be faced:

> First, a free society cannot be maintained except by a people who are industrious, self-reliant and courageous. Secondly, regardless of why it happened, no realistic observer can deny the fact that the America of 1941, before we entered the war, was less self-reliant than the America of 1917, before we entered the first World War.

It is our immediate and pressing job, he added, to see that when this war ends, American people will be at least as self-reliant as they were twenty-five years ago.

Saying that we must once again learn how "to rule and be ruled as free men," Mr. Hoffman went on to explain the meaning of this phrase by comparing the manner in which the slaves of a dictatorship are ruled and the manner in which the free members of a democracy are governed.

He further stated:

> To help achieve our objective, it is absolutely essential that all of us adopt a new yardstick to measure our every proposal and our every act so as to make certain that our every proposal and our every act will contribute to the fortifying of the character of our people. We must apply this yardstick in our every-day activities, in our homes, in our businesses, in our schools, and constantly keep in mind the fact that anything we may do which leans towards the methods of a dictator or a gestapo contributes toward the inevitable collapse of our free society. America has no place for little Hitlers or sawdust Caesars in business or labor. Conversely, if our conduct towards those with whom we have constant contact is such that it strengthens their character, to that extent we have the assurance of developing the kind of character which will make us worthy of our free institutions. Only by so doing can we develop a nation of self-reliant individuals, able to rule and be ruled as free men.

Rejecting the suggestion that totalitarian methods must be adopted to beat the totalitarian states, Mr. Hoffman expressed the belief that "free men can outproduce slaves" and said that "we must avoid Hitler's methods to surpass Hitler's results."

With respect to the conversion of the full facilities of the automobile industry to the production of war materials, Mr. Hoffman criticized the proposal to have the operation of the automobile industry placed in the hands of "a super-committee, a joint government-industry-labor council." He stated:

> It would be unfair to communism to label this scheme as communistic, because under communism one at least knows who is boss. The state is the boss. It has a somewhat closer analogy to fascism, or the corporative state which Mussolini once planned, under which industry operates through an intricate set of contracts and an infinite number of bureaus. But it's even unfair to fascism to label this scheme as fascistic. It's unique in that it proposes to substitute for a responsible management a tripartite control which could bring only one result—turmoil, or shall I say turmoilism, in which all of the three parties—labor, management and government — would spend all their time blaming each other for the resulting mess.
>
> Am I wrong in my belief that such an experiment at a time like this would have a devastating effect on morale? Am I wrong in my deep conviction that it would stifle the initiative and the self-reliance of good Americans, qualities which are so desperately needed at this moment? No, Gentlemen, I am right when I say that industry's job must be done under an experienced management, a management which recognizes that collective bargaining is an essential element in our free economy, a management willing and eager to provide every member of every organization an opportunity to contribute ideas and suggestions as to how the job can best be done. There must be the utmost cooperation between government, management and labor, but the responsibilities of each must be clearly defined.

74,897 Freight Cars On Order By Roads Jan. 1

Class I railroads on Jan. 1, 1942, had 74,897 new freight cars on order, the largest number at the beginning of any year since the compilation of these records began 20 years ago, the Association of American Railroads announced on Jan. 17. New freight cars on order on Jan. 1, 1941 totaled 35,702. New freight cars on order at the beginning of this year included 46,300 box, 23,638 coal, 1,400 refrigerator, 2,191 flat, 300 stock and 1,068 miscellaneous cars.

The Class I railroads also had 546 new locomotives on order on Jan. 1, 1942, which included 258 steam and 288 electric and Diesel. On Jan. 1, 1941, there were 206 on order, of which 115 were steam and 91 were electric and Diesel.

Class I railroads in 1941 put 80,502 new freight cars in service, the largest number installed in any year since 1929. This was an increase of 14,957 compared with the number of new freight cars put in service in 1940. In 1929, the railroads installed 84,894 new freight cars.

Of the total number of new freight cars installed in service in the year 1941, there were 44,807 box, 30,938 coal, 1,752 flat, 2,200 refrigerator, 149 stock and 656 miscellaneous cars.

New locomotives installed in service in 1941 by the Class I railroads totaled 633, of which 161 were steam and 472 were electric and Diesel. This was the largest number put in operation since 1930. In 1940, there were 419 new locomotives put in service, of which 126 were steam and 293 were electric and Diesel.

Foreign Front

(Continued from First Page)

associates were in the United States. Lord Beaverbrook, the British production head, returned to London with his chief.

The safe completion of the journey made possible the publication of a few details of the Atlantic crossings. The British group came to the United States on a large new British battleship and landed at a port "south of Washington." Mr. Churchill completed the trip by air and was welcomed by Mr. Roosevelt on his arrival in our capital on Dec. 22. The return to London was accomplished entirely by airplane, and apparently was without incident. In the course of his American stay, the British Prime Minister spent a brief holiday in Florida.

Appearing briefly before the House of Commons, Tuesday, Mr. Churchill promptly was faced with the problem of popular apprehension over the Far East. Much public criticism has been voiced in England, during recent days, of the Churchill-Roosevelt decision to concentrate largely on elimination of Hitler for the time being, in the belief that the Japanese member of the Axis would collapse quickly if the Germans were beaten. The criticisms increased sharply after Chinese authorities threw out hints of an early withdrawal from the conflict, if this policy actually is pursued.

Mr. Churchill stilled the clamor for a time by declaring, Tuesday, that he shares the anxieties felt over the Pacific war. But he expressed great confidence in the eventual outcome of the struggle, and added that a full dress debate on war strategy will take place soon. Questioners were put off again and again by the Prime Minister, and efforts to face an immediate debate were unsuccessful. It will not be many days, however, before the matter is discussed fully in London, and in a manner befitting its importance, for further gains by the Japanese in Malaya occasioned fresh calls in England for action to halt the Pacific aggressor.

President Roosevelt took note of the rising chorus of criticism in the United States, Tuesday, when he declared at a press conference that full attention is being given the Pacific conflict. The lack of reinforcements for General Douglas MacArthur in the Philippines, and the obvious difficulty of beating the Japanese out of any territory they may occupy in the Western Pacific, are matters that add steadily to the doubts and anxieties expressed on our own side of the Atlantic, as well as in England.

Nor is the Axis less active than the United Nations in formulating plans for the World War. Berlin dispatches reported a meeting of German, Italian and Japanese spokesmen, Monday, with the aim of "common operations against common enemies." An agreement was signed which aims, it was indicated, at militarily correct distribution of the armed forces of the three aggressor States.

Battle of the Atlantic

German submarines have opened a new and exceedingly grim phase of the Battle of the Atlantic, through attacks on our coastal shipping. The precise number of attacks just off our Atlantic coast has not been disclosed. Nor has the strength of the enemy been ascertained. The threat to our shipping is not a light one, however, since sinkings were reported rather frequently. Tankers apparently are being singled out by the enemy for attack, since these vessels are vital for the war economy.

The newest development of the war is far from unexpected. Similar incidents occurred in the first World War, and technical advances in submarine warfare probably will make the current series of sinkings more important than were the 1917 and 1918 attacks. The German aim, obviously enough, is not only to sink American ships, but also to draw our warships back toward our own coast from their highly successful convoy duties. From the larger strategical viewpoint, the sinkings here on our coast are of modest importance, when compared with the primary task of supplying the British Isles.

German submarines apparently began their forays in Canadian waters, last week, for a Panamanian freighter went down after an attack. Moving down the coast, the enemy vessels were active off Long Island, a week ago. The Norwegian tanker Norness went down only 60 miles off Montauk Point, and this attack quickly was followed by the sinking of the Coimbra, a tanker of Allied registry. The Allan Jackson, of U. S. registry, was the next victim, and the Malay, also of American registry, was hit by torpedoes but towed into Norfolk. Each attack occasioned some casualties.

In addition to these known attacks, other occurred, the Navy Department disclosed on Tuesday. It was also made clear that counter measures are being taken against the marauders, which probably are hunting in packs. The Navy maintains silence on sinkings of German submarines, however, on the alleged ground that information would be of use to the enemy.

Philippine Theatre

Save for intensified naval and aerial action, little change occurred in recent days in the Philippine defense situation. Gen. Douglas MacArthur and his relatively small band of stout-hearted troops continued to hold Bataan peninsula, northwest of Manila with their backs to the China Sea and a retreat to Corregidor fortress presumably the last resort. This action is strictly defensive, and perhaps will continue for some time. The Japanese however, continue to pour troops onto Luzon Island, and our forces on Bataan are being outnumbered ever more heavily.

The terrain, with which MacArthur and his men are familiar, aids the defense mightily. Tanks and other land equipment which the Japanese brought with them are of little avail in the mountainous jungle country. Nor has the favorite Japanese method of infiltration succeeded. Heavy attacks were made by the enemy late last week, and fresh assaults developed this week, but the attackers were sent reeling back with huge losses. Even the enemy aerial bombardment of the island fort of Corregidor lightened owing to numerous plane losses to our marksmen. There is quite obvious Japanese aerial control over much of the Philippines, for only a modest reinforcement of American aerial strength in the Far East has been noted. A good part of Mindanao Island remains in American hands, however, and many of the smaller islands between Luzon and Mindanao also remain free of Japanese troops.

Aerial and submarine attacks by our forces at last are beginning to make a real showing in strength. The Navy Department reported last Thursday the sinking by an American submarine of a 17,000 ton Japanese merchant ship of the Yawata class, while a number of other sinkings of enemy vessels also occurred. The large ship presumably was being used as a transport, or perhaps as an aircraft carrier. Our submarines were operating "off Tokio Bay" last Saturday, a further announcement said, and at least three Japanese ships were sent to the bottom.

In aerial attacks from secret bases our forces harried the Japanese airmen and scored victories in a number of aerial battles. The War Department reported Tuesday the sinking by means of aerial bombing of a Japanese cruiser, and direct hits were scored at the same time on a Japanese tanker. The United Nations are managing to sink more than a ship a day, on the average, which is a rate that doubtless will be augmented soon.

The Indies

Although the Japanese advance shows signs of flagging here and there, the threat to British and Netherlands possessions in the Far East became ever graver, this week. A phase of the battle for Malaya and the great East Indian islands has been reached which London frankly describes as serious and even critical. The enemy drive rapidly approached Singapore, and fresh attacks developed on a number of points in the Netherlands Islands. The situation, moreover, is producing repercussions among the United Nations which are somewhat dubious, to say the least.

Nationalist China, which has been fighting the Japanese tooth and nail for a decade, voiced intense disapproval, last Saturday, of the war plans of President Roosevelt and Prime Minister Churchill. The discontent felt within America and the British Empire over the concentration on beating Hitler is modest when compared to the Chinese indignation. Unless Britain and the United States come more decidedly to the rescue of the nations fighting aggression in the Far East, China may decide to "sit tight" and end the suffering and bloodshed, a high Chinese official declared. Australian spokesmen also continue to express apprehension over the joint Churchill - Roosevelt program of beating Hitler first.

Likewise of grave import are developments in Burma and Thailand which already are affecting the struggle on the border of those countries. The British Government announced, Sunday, the "detention" of the Burmese Premier, U Saw, on the ground that he had been in communication with the Japanese. Mr. Saw recently was in London, where he endeavored to obtain immediate Dominion status for Burma, and he had not yet returned to Burma when the announcement was made that he had been "detained." A new regime quickly was formed in Burma.

From Madras, in India, came reports on Tuesday that Thailand forces had made common cause with the Japanese and were marching against points in southern Burma. An air base at Tavoy, 235 miles southeast of Rangoon, was captured by Japanese-Thailand troops, which throws doubt upon the previously announced British program of moving against the Japanese communications in Thailand from Burma. If the new threat is not quickly countered, it may well be that the Burma Road supply line to the interior of China will be threatened additionally, with further serious effects upon the Chinese will to continue the fight against Japan.

Meanwhile, the struggle for Malaya and the giant base of Singapore went on, regardless of Monsoon rains and steaming heat. Australian troops began to play an important part in the defense of Malaya, probably because some reinforcements have arrived and possibly because the Japanese reached lines where Australians were stationed. The defenders gained heart from the valiant fighting of the "Aussies." Frontal attacks by the Japanese were beaten back on a number of occasions by the British Empire units, but the infiltrations of the enemy continued and made retreat advisable.

The Muar River line, only 90 miles from Singapore, was reached by the Japanese over the last week-end, and a bridgehead promptly was established by the enemy on the southern bank of that stream. Through back-country lanes the Japanese resumed their movement, and masses of enemy troops apparently filtered into British-held Malaya also by means of small boats. The coastal zone south of the Muar was a scene of intense fighting in the first half of this week, and the Japanese were reported yesterday only a few leagues from the Johore Strait which separates Singapore from the Malayan mainland.

Aerial superiority by the Japanese on this front appears still to be a major item in the desperate battle. The advancing enemy forces have, of course, captured a number of air fields in Malaya. Operating from Burma, Malaya and probably from Netherlands points, airmen of the United Nations blasted at the Japanese. But bombing planes would seem to be our main reliance, whereas the Japanese possess ample squadrons of interceptor planes as well. The Japanese bombed Singapore heavily, and were reported early this week as having inflicted some damage to oil depots and other installations.

That the Japanese are preparing to move swiftly southward against the main islands of the Netherlands East Indies has been made clear by their capture of northern portions of Borneo, the oil island of Tarakan and the northernmost arm of the oddly-shaped island of Celebes. They bombed a number of strategic points in the Netherlands possessions this week, chief among them the secondary naval base at Amboina, which presumably is marked out for early naval attack and perhaps for a landing party. Dutch bases on Sumatra also were bombed, and Japanese fliers ranged also to Rabaul, on the island of New Britain.

Netherlands, British and American fliers hammered at Japanese communications, and seriously deranged some of the supply lines. Submarine attacks also cut heavily into the shipping available to the aggressors. Around Changsha, in China, the Japanese defeat appears to be complete, and Chinese forces are attacking the invaders at numerous points. Such offsets to the southward movement of the Japanese are important, but far from conclusive.

Russian Gains

Warfare between Germany and Russia enters its eighth month today, with the Russians pursuing the defeated Reich forces on a long front west of Moscow. Bitter cold again is reported in Russia, but the conflict remains fluid, with the Russians holding the all-important initiative. Communist military claims may be somewhat exaggerated, however, since the actual retreat of the Reichswehr since the "withdrawal" was announced by Berlin on Dec. 8 averages hardly more than 40 miles.

After long preparations and numerous advance claims from Moscow, the Russian troops finally recaptured Mozhaisk, Tuesday. This town, only 63 miles from Moscow, was an advance post of the German forces in the drive toward Moscow. Emulating Nazi tactics, the Red Army threw offensive pincers around Mozhaisk and apparently forced the Germans to evacuate the town. According to Moscow, something like 100,000 Reich troops are trapped in the pincers.

Far to the north the Germans maintained their siege of Leningrad, but some supplies obviously are reaching that city over the ice of Lake Ladoga. Finnish forces are holding their positions from Karelia north to the Arctic. In the Donets Basin the Russians are attacking heavily, with the immediate aim of retaking Kharkov. The Crimean landing by the Russians at Theodosia has been rolled back, Berlin claims, and little has been said in recent days by the Russians regarding this action. The Red Army still holds Sevastopol, however, and the landing at Kerch has not been repulsed by the Axis.

The time factor in the Russian campaign now begins to be subject to revised calculations. With the winter already well advanced, the Red Army will have to make more rapid territorial progress than in recent weeks, if the Germans really are to be beaten back to their own border before spring. It may be two and possibly three months, on the other hand, before the Germans can again put their mechanized forces to effective use in Russia, and much can happen in the meantime.

Mediterranean Control

British control of the Mediterranean has been strengthened perceptibly as a consequence of fresh victories over Axis forces on the border of Libya and Egypt. The long preparations for warfare on the desert are bearing good fruit. British victories in Libya would be of more importance, however, if portions of the Far Eastern possessions of Britain were not so seriously threatened as they now are by the Japanese member of the Axis.

German and Italian forces at Halfaya Pass, which the Axis attempted desperately to hold, surrendered to British Empire forces last Saturday. This point on the border of Libya and Egypt was a vital one in the contest for Suez. The surrender of 5,500 Axis troops means that the Axis can no longer have much hope of a successful move against the waterway from the Mediterranean into the Red Sea.

Somewhat hampered by bad weather, the British desert units continued their pursuit of German and Italian mechanized forces near El Agheila. Reports yesterday suggested that the battle is about to be resumed. Heavy reinforcements may have reached the Axis, however, and the problem of supply now wears a different aspect, since the British lines are far extended. Raids on the Axis shipping line of supply across the Mediterranean were reported by London. Axis fliers pounded the British base at Malta incessantly.

Beating Hitler

Large-scale plans for beating Hitler undoubtedly are now formulated, at least tentatively, since the Churchill-Roosevelt conversations were expressly for that purpose. What these plans may be is a military secret, but the extent of the preparations is openly admitted and the conflict obviously is expected to be long and bitter. Modest American forces were landed in England, Tuesday, possibly as the advance guard for what may prove to be an even larger expeditionary force than we sent overseas in the first World War.

Reports continued to come out of Germany, this week, of sudden illnesses among the leading Reich general officers. Indeed, Marshal Walther von Richenau died last Saturday, reputedly of apoplexy. Other German generals, who were active on the Russian front, are ill in surprising numbers. All of which may reflect a contest between the German Army and the Nazis. But such comforting conclusions may not be correct and should not diminish our war effort in any event.

British fliers raided the German-held coast of the European continent at intervals, this week. The raids were less numerous than on some previous occasions, perhaps because weather conditions were unfavorable. Similarly, only a few German aerial raids on British towns were noted. In the war at sea the British admitted the loss of the destroyer Vimiera, 1,090 tons, on Monday. The submarine Perseus was listed as lost by the British Admiralty on the same day.

Pan-American Conference

Nothing is more inevitable than a "snag" at a conference of the 21 American republics. It is hardly surprising to find that the Rio de Janeiro gathering which began just one week ago now is bogged down in difficulties, occasioned by Washington's determination to have all of the Americas break diplomatic relations with the Axis, and by the equally determined Argentine stand for aloofness from the war. Whether this difference in views can be resolved is not clear, but the Rio meeting nevertheless can be counted upon to produce some successes.

Under-Secretary of State Sumner Welles, as the head of the U. S. delegation, appealed for unity in the conflict against the Axis, when the Rio gathering began last Thursday. It was plain from the start, however, that the Argentines did not care to follow the United States fully into the war. After endless cloak-room conferences in the Brazilian capital, Acting President Ramon S. Castillo stated in Buenos Aires, Tuesday, that Argentina would not break diplomatic ties with the Axis. This stand would be maintained "rightly or wrongly," he added.

This does not mean, of course, that Argentina is unduly friendly toward the Axis. Military privileges already have been extended by that country to the United States which are denied to Germany, Italy and Japan. The leading role of Argentina in South American affairs is not to be denied, however, and the sort of "solidarity" that Washington desires may not be easy to achieve.

Finance Section Quota Of Red Cross War Fund

Lewis E. Pierson, Chairman of the Finance Section of the Red Cross War Fund of Greater New York, announces that his unit has accepted a quota of $1,500,000, more than one-fifth of the city-wide quota of $7,330,000 for the $50,000,000 war chest of the American Red Cross. Mr. Pierson, Honorary Chairman of the Irving Trust Co. and head of one of the five major sections of the Fund's Commercial and Industrial Division, also reported the appointment of 15 Vice Chairmen who will head section units as follows:

Commercial banks and trust companies, J. C. Traphagen, President, Bank of New York.

Life insurance companies and agents, George L. Harrison, President New York Life Insurance Co.

Fire, marine, casualty, surety, agents and brokers, Charles D. Hilles, Resident Manager for the State of New York of the Employers' Liability Assurance Corp., Ltd. of London, American Employers Insurance Co., and the Employers Fire Insurance Co.

Finance companies, Howard L. Wynegar, President, Commercial Credit Co.

Personal finance companies, William E. Thompson, President, Personal Finance Corp.

Savings Banks, Harris Dunn, President, North River Savings Bank.

Textile factors, J. P. Maguire, President, J. P. Maguire & Co.

Investment bankers, Charles S. McCain, President, Dillon, Read & Co.

Unlisted security dealers, Frank Dunne, Dunne & Co. (also President, New York Security Dealers Association).

New York Stock Exchange, Robert L. Stott (Chairman).

New York Curb Exchange, George P. Rea (President).

New York Cocoa Exchange, I. Henry Hirsch (President).

New York Produce Exchange, Charles B. Crofton (President).

New York Cotton Exchange, Robert J. Murray (President).

New York Coffee and Sugar Exchange, William W. Pinney (President).

Mr. Pierson announced that J. W. Bloodgood, Assistant Secretary of the Bankers Trust Co., would serve him as Vice-Chairman and Coordinator of the Finance Section and that Robertson D. Ward, Treasurer of the Carnegie Corp. of New York, would be Mr. Bloodgood's assistant.

Colby M. Chester, Chairman of the Fund's Commerce and Industry Division, has described the needs of the American Red Cross as greater now than ever before. Outlining urgent requirements upon the Red Cross War Fund, Mr. Chester said:

> Surgical dressings, ambulances, medical care, blood banks built up through the contributions of millions of donors—these and many other things that only the Red Cross can supply must be ready for instant use not only among our armed forces, but wherever civilian emergencies may arise, as in the bombings of Hawaii and Manila. By Congressional Charter, the Red Cross is a direct contact for the American people with their armed forces. At all outlying bases, like Iceland, the Philippines and Hawaii, the Red Cross is an invaluable welfare service. At home it is a mainstay of our far-flung measures of civilian defense. I am confident that we can count upon a response to this Red Cross War Fund appeal as wholehearted as the need is urgent.

Lending Institutions Are Urged To Finance More Private Defense Housing

Federal Housing Administrator Abner H. Ferguson on Jan. 17 appealed to financial institutions to get behind the FHA's current drive for more privately built housing for war workers. The Administrator urged lenders and buyers of home mortgages to use the defense housing insurance provisions of the National Housing Act to the fullest extent in order to assure the continued life of the private construction industry and the mortgage market during the war emergency.

"Residential construction in America from now on until we achieve victory will be more and more confined to defense housing projects for war workers," Mr. Ferguson said. "It is essential that private capital, both to save Government effort and expense and to maintain its own well-being, account for as much of this construction as possible." He went on to say in part:

> Title VI of the National Housing Act provides the machinery for the financing of necessary home construction.
>
> Many lending institutions approved as mortgagees by the FHA have not had considerable experience with Title VI loans. They may be certain that these loans have all the investment advantages of other FHA-insured paper, with one or two extra features. As their contribution to the war effort, lenders are urged to make these loans and investing institutions are urged to buy them, as the case may be.

From Washington

(Continued from First Page)

He was one of those Hearst men who "had to write what the boss wanted," and so, when the New Deal got around to the point where the Hearst organization had to be cut down, a dubious help, incidentally, for the working newspapermen in the country—the White House crowd felt that Phil had always been one of them at heart and so it was suggested to Bill Green that he needed somebody to make him articulate. At the time, Bill had no illusions about the fact that the New Dealers were trying to get him in favor of Lewis because Lewis was one of their productions, one who had the imaginative mind to see the future in other than a straight organization of labor; in short, one who understood the politico-social movement which was then in being.

So Bill thought it would be a crackerjack thing to take on this protege of the White House as his publicity man. But as competent as this man is, he has never been an equal to the publicity set-up of John Lewis.

This is cited because it is a commentary on the great "peace" movement which Lewis has proposed. Regardless of the jockeying for publicity which may come in the near future—publicity about how all labor leaders are now practically willing to do most anything for patriotism—the best this correspondent can get as to the importance of Lewis' move is that he wanted to get in the headlines.

One labor leader has just said this to me:

> **"Anybody can agree upon principles. You ask me if I am against Hitler. All right, the answer to that is yes. But I want to know what is going to happen—for example, when these labor peace missionaries try to work out the situation, just as one example, between the long established electrical workers' organization in the AFL and this new thing which has sprung up under the CIO, the radio electrical operators' organization."**

This gentleman, one of the most astute leaders of the labor movement, seemed to think that the whole thing was the bunk and that Lewis was seeking no more than to publicize himself, and, which is quite collaterally important, to put some of his enemies on the spot: namely, Bill Green and Phillip Murray and Sidney Hillman. Lewis does not consider Green his equal, figures that he can beat him any time in controversy. Hillman he is worried about. Murray he figures that he should be Lewis' man and that Murray has gotten away from being such.

Giving some factual support to this line of reasoning is the fact that Lewis' "great move" was made just after there appeared in "Look" Magazine an article by Raymond Clapper, widely syndicated commentator, entitled "Is John L. Lewis Washed Up?" Clapper's conclusion was that he was not washed up because he was a very resourceful man. Knowing Lewis as this writer does, this article unquestionably had something to do with Lewis making an effort to show his "resourcefulness." He is a tremendously vain man.

The example of Lewis' publicity brigade doing a job on the Washington reporters is not the first—certainly not over a period of recent years, but more to the point, over recent months. There was the instance of the widely advertised conference between the steel men and the representatives of the captive mine workers when Lewis was making a stand for the closed shop. It was an emergency on which the eyes of the country were focussed. On one occasion when the conferees were deadlocked, both sides issued statements. A Lewis publicity man circulated among the reporters and put out the word that the steel men were not as one, that as a matter of fact, only Bethlehem Steel, headed by the New Deal despised Eugene Grace, was holding out against the closed shop. This was not the truth. Yet the story was widely circulated and it took something out of the steel representatives.

It has always seemed strange to me why the industrialists with their record of accomplishment are so inept in the Washington propaganda field. They all have high powered publicity organizations and I think that is the answer. They are too high powered. The high powered New York organizations don't understand the controversy of Washington. They sell their clients upon the idea that they will "protect" them against newspaper annoyances. They don't succeed in accomplishing this and "protection" is not what the industrialists need in the first instance. Too many of the industrialists also go in for taking capable young newspaper men on their payrolls on the strength of these young fellows' contacts. Then when they have engaged them they insist upon their ceasing to knock around among their contacts and demand that they live with them, the industrialists, cocktail with them, etc. The value they had when the industrialist employed them is lost.

However, it is none of my business.

This writer has just had luncheon with a business man, an unusually analytical mind, who travelled pretty much all over Europe recently and who had contacts with men whom the foreign correspondents — at least those I know, would not have had contact with. One observation he made is applicable to what is going on in Washington. It is that bureaucracy in Germany has become so overloaded that it will probably fall of its own weight. Bureaucracy has fed upon bureaucracy. As he puts it, Hitler has come to the point where he is "overly organized."

There are today some 250,000 Government employes in Washington alone. The situation has become so serious that several agencies are being transferred to other cities. But the authoritative information is that in the next few months another 250,000 employes are to come here. There are as many agencies in Washington today doing nothing as there are that are doing something.

You can get an idea of what the confusion in Washington is when you understand that for a few days after Donald Nelson was made "war production minister" there seemed to be quite a conscience stricken attitude on the part of Washington commentators about Bill Knudsen. In spite of what they had said in the past these commentators now said Bill Knudsen was a great patriot and above all, a great production genius. He had been a square peg in a round hole, the commentators said.

This writer's information is that Secretary of War Stimson was one of those who did not think he had been a square peg in a round hole, that he had done a splendid job for this country. The very definite evidence is that Mr. Roosevelt appreciated the job Knudsen had done and furthermore, appreciated the fact that he had served loyally without having taken part in the office politics of Washington. Nevertheless, he didn't know what to do with him now that the agitation had become impossible to ignore. It looked for awhile as if he was prepared to sacrifice Knudsen, one of the few times the President, with all of his faults, has done such a thing.

But Stimson came into the breach and said, in effect:

"If you can't use Knudsen, I can."

Whereupon, Knudsen was made a lieutenant general. In the army there are only two men ahead of him, Marshall, chief of staff, and MacArthur of the Philippines. The distinct impression is that the President was tickled to death about this solution.

But a few days before Knudsen was removed from OPM, Mrs. Roosevelt, before a gathering of 500 or so employes of the Department of Agriculture, had said Knudsen was just an old "Teddy Bear." Later, considerable effort was made to keep this out of the newspapers on the ground that Mrs. Roosevelt had not known she was talking in the presence of reporters.

Then, the New Dealers got to analyzing the respective jobs of Knudsen and Nelson under the new set-ups. No one, it seems, has ever wangled such a complete, all embracing executive order out of Roosevelt as Nelson has. There are stories that Nelson even called in his lawyer to write the order and that the President permitted him to do this. Nelson's stock as a "strong" man, which has not been so high heretofore, goes up.

But the New Dealers, who have for several days been quite kindly towards "old man Knudsen," thinking they had shelved him, notice that as lieutenant general, he is still in charge of production, particularly of tanks and planes. This deals directly with the automobile industry.

Knudsen, it seems, is still to be the man to work on production, get out the tanks, the guns, the planes; a job he's been doing, and one the New Dealers in their agitation, said he was good at doing. But he was not the man to administer the broad purposes of OPM, they said. This happy solution having been achieved, they've gotten around to wondering just what is left of OPM, after production. OPM, or rather it is a new set-up now under Nelson, the "war production minister," will "plan." Plan what? Oh, he will be the man who will tell the dress manufacturers that they must not have so many designs of dresses; he'll be the man who tells us that we must "streamline." He will "plan." Presumably that is what is left to him. The important job is to get out the tanks and the planes. That's to be Knudsen's specialty as a lieutenant general.

It's what the New Dealers insisted he could do. But they are beefing about it already. A columnist whose wife works for Mrs. Roosevelt has launched the second attack against him. The situation won't work out, he says. Could Mrs. Roosevelt consider it a rebuff that a few days after she says a man is a Teddy Bear that her husband makes him a lieutenant general of the U. S. Army. Of far more importance is the fact that Knudsen still has the say so over the question of employe-employer management in the automobile industry. The New Dealers don't like this.

Items About Banks, Trust Companies

The Chase National Bank, New York, announced on Jan. 14 that its Board of Directors had approved several promotions in the executive staff of the Bank. Kenneth C. Bell, G. Kellogg Rose, Jr. and Francis G. Ross have been elected Vice-Presidents. The following were elected as Second Vice-Presidents: Alfred W. Barth, Frank A. Conefrey, John W. deMilhau, Walter E. Dennis, W. Arthur Grotz, Edgar H. Hall, Ernest R. Keiter, William H. Morton, Thomas M. Ritchie and George F. Sloan. The Board also elected as Assistant Cashiers: Louis A. Albarracin, Kennedy Buell, William F. Crook, William S. DuBois, Harold E. Hardiman, Victor E. Rockhill, Robert W. Scofield, Lowell E. Ullery and Charles R. Walters.

Inauguration of a voluntary salary deduction plan for the purchase of United States Defense Bonds by employees of the Guaranty Trust Company of New York was announced on Jan. 15 by Eugene W. Stetson, President. Details of the plan are outlined in a pamphlet to be distributed to all employees and officers, which contains also a description of the Series E Bonds, a copy of the authorization card providing for regular deductions from salary, and a table showing the bond redemption values and yields. A feature of the plan provides for free safekeeping service for employees' bonds.

In a letter to the staff, Mr. Stetson announced the plan "as a means both of cooperating with our Government in financing the war and of making it convenient for our employees to set aside regularly portions of their salaries for the purchase of Defense Bonds. While participation in the plan is wholly voluntary, it is believed that the members of our staff will welcome this opportunity to perform a patriotic service and at the same time make a desirable investment, by a convenient and automatic method."

The Sterling National Bank & Trust Co., New York City, on Jan. 16 appointed J. Irwin Bobson, Joseph Downing, and Peter F. Sullivan, Assistant Cashiers.

The New York State Bankers Retirement System has admitted into participation the First National Bank of Greenwich, Greenwich, Conn., the first bank outside the State of New York, it was announced on Jan. 13 by F. J. Oehmichen, the System's accountant. The Bank's participation, effective as of Jan. 1, brings 30 new members into the System, lifting the total number of bank officers and employees who are members to 842 and the number of participating banks to 71.

At the annual meeting of stockholders of the Lafayette National Bank of Brooklyn, New York, held on Jan. 13, George P. Kennedy, President, reported that the Bank had been active in the financing of defense loans and that the year 1942 would show a large increase in activity in this item. The investment portfolio, he stated, was divided into: Government obligations, 87.8%; New York City obligations, 7.2%; and Corporate obligations, 5%.

Wm. G. Green, President of New York Savings Bank, New York City, announced on Jan. 15 that William B. Licklider has been appointed to take charge of the Bank's bond investments. Mr. Licklider was associated for ten years with Blyth & Co., Inc., and more recently with Harriman Ripley Co., Inc.

At the annual meeeting of the stockholders of Fidelity Union Trust Co., Newark, N. J., on Jan. 13, Horace K. Corbin, President, reported that net earnings for 1941 were $1,249,719, a decrease of $260,186 from 1940, due principally to higher clerical salaries and lower income on Government bonds and loans. Profits from the sale of securities amounted to $310,595. In the final quarter of 1941, additional compensation was paid to all officers and employees receiving less than $5,000 a year, on a basis of 6% of the first $150 a month of salary and 4% of the next $100.

Dividends of $570,000 were paid on preferred and common stocks and, after crediting certain reserves, undivided profits increased $77,462. Activity in the real estate market in the later part of 1940 and during 1941 resulted in sales of foreclosed properties showing a decrease of $976,038 for 1941 and $2,088,023 for the last two years. At the end of 1941, the Bank owned U. S. Government obligations costing $35,141,677.

Mr. Corbin also told the stockholders that the bank has been increasingly active during the year making loans covering nearly every phase of re-armament requirements.

Following the meeting Mr. Corbin announced the election of four new Directors. They are: Roy F. Duke, Senior Vice-President of the Bank; Daniel F. Leary, Vice-President of the Bank; Uzal H. McCarter, an official of O'Gorman and Young, general insurance, and Leslie C. McDouall, Vice-President and Trust Officer of the Bank.

At the annual meeting of the Newark Clearing House Association held Jan. 20, 1942, the following officers were reelected:

President, Ray E. Mayham, President, West Side Trust Co.; Vice-President, W. Paul Stillman, President, National State Bank; Treasurer, David J. Connolly, Vice-President, Federal Trust Co.; Secretary, T. L. R. Crooks President, Clinton Trust Co.

The Association elected Spencer S. Marsh, Chairman of the Board of the National Newark & Essex Banking Co., as Honorary Chairman of the Clearing House Committee. Mr. Marsh was one of the organizers of the Clearing House and has served on numerous committees continuously since 1922.

Oscar H. Merz, Vice-President of Fidelity Union Trust Co., who will retire as an active officer next month, was elected Honorary Chairman of the Managing Committee. Mr. Merz has been an active member of numerous committees since 1930. Robert G. Cowan, President of National Newark & Essex Banking Co., was elected a member of the Clearing House Committee for a term of four years.

Mr. Mayham reappointed Mr. Stillman, Chairman of the Managing Committee, to serve with the following other members for 1942: Roy F. Duke, Senior Vice-President, of Fidelity Union Trust Co.; William Dunkel, Vice-President and Cashier, of Union National Bank in Newark; Carl K. Withers, President of Lincoln National Bank. The President also reappointed Robert G. Cowan as Chairman of the Advisory Committee and the following other members to serve in 1942:

Ralph W. Crum, President, United States Trust Co.; Stanley J. Marek, Secretary-Treasurer, Franklin Washington Trust Co.; Thomas C. Wallace, Executive Vice-President, West Side Trust Co.; C. LeRoy Whitman, Vice-President, Fidelity Union Trust Co., and Francis R. Steyert, President of South Orange Trust Co., to represent special members in adjacent suburban towns.

The annual report for 1941 of the Manager of the Association, Russel W. Lynn, submitted at the meeting, showed:

Total exchanges of $1,157,082,000, an increase of $161,638,000 over the year previous. Total bank debits of $4,841,203,000 compared with $4,186,785,000 in 1941. The largest daily exchange during the year was $7,620,922,000 on Jan. 2, 1941.

At the organization meeting of the Board of Directors of the Tradesmens National Bank and Trust Co., Philadelphia, held on Jan. 16, the following changes in officers were announced:

Howard E. Deily, formerly Cashier, was made Vice-President and Cashier.

Harold S. O'Brian and James M. Large, formerly Assistant Vice-Presidents, were elected Vice-Presidents.

William S. Louchheim, formerly Assistant Cashier, was appointed Assistant Vice-President.

The Directors also declared a dividend of $1.50 per share, payable Feb. 2, 1942, to stockholders of record at the close of business Jan. 26, 1942.

At the annual meeting of the shareholders of the First National Bank of Chicago, held on Jan. 13, all present directors were reelected with the exception of Ira N. Morris, who retired because of ill health. Hughston M. McBain, First Vice-President of Marshall Field & Co., was elected a member of the board. At the subsequent meeting of the directors, the following promotions were made:

Forrest N. Williams and Frederick C. Murback were elected Vice-Presidents, having been previously Assistant Vice-Presidents.

Clarence W. Weldon was elected an Assistant Vice-President. Mr. Weldon for some years has been Vice-President and Manager of the First-Trust Joint Stock Land Bank of Chicago.

Clarence E. Cross and Clarence R. Eichenberger, formerly Assistant Cashiers, were also elected Assistant Vice-Presidents.

The following new officers were elected, all being promotions from the clerical staff of the bank:

Vernon C. Bartels, J. Russell Hanson, Wyndham Hasler, George F. Sisler, Philip Sparling, and William H. Wood, Assistant Cashiers; John R. Mitchell, Assistant Manager in the Real Estate Loan Department, and Robert S. Swaim, Assistant Trust Officer.

At the annual meeting of the stockholders of the Industrial National Bank of Chicago, held on June 13, Calvin Fentress, President, reported that the deposits of the Bank had increased $700,000, of which the major portion represented demand and checking accounts. The loan volume, on the other hand, was slightly under the total for 1940, due in some measure to regulations in time financing.

The net earnings for the year amounted to $257,003 compared with $228,629 in 1940. These earnings, after payment of dividends on the outstanding preferred stock, amounted to $4.27 per share on the common stock compared with $3.67 per common share in 1940, based on the same relative capitalization.

Dividends paid on the preferred stock in 1941 amounted to $43,126. Dividends paid on the $20 par common stock totaled $125,000, or $2.50 a share.

During the year, 1,000 shares of preferred stock of a total par value of $100,000 were retired. Mr. Fentress reported that the directors have recently called for retirement as of Jan. 31, 1942, an additional 2,000 shares of preferred stock, par value of $200,000, which will reduce the preferred stock outstanding as of Jan. 31, 1942, to $700,000.

It was pointed out that $150,000 was transferred to surplus in 1941, bringing the surplus account to $1,250,000.

The stockholders re-elected all of the present directors, with the exception of Thomas E. Donnelley, Chairman of R. R. Donnelley & Sons Company, who desired to retire from active service. Mr. Donnelley was one of the original directors of the Bank when it was founded in 1917.

English Walling was elected to fill the vacancy. Mr. Walling, who is Secretary of the Bank, is the son of Willoughby G. Walling, who served as President of the Bank for 17 years prior to his death in 1938.

At their annual meeting held on Jan. 13, stockholders of the La Salle National Bank, Chicago, voted to increase their Board of Directors from nine to eleven members by electing Harry L. Drake, head of the Chicago real estate management firm bearing hi sname, an dNathaniel Leverone, Chairman of the Board of the Automatic Canteen Company, according to an announcement by Laurance Armour, Chairman of the Board. All retiring directors were re-elected.

"During the first calendar year under new management," Mr. Armour stated, "the institution's rank among all banks in Chicago moved from 31st place to 22nd place. At the same time, in its new location, the bank showed a satisfactory profit after adequate reserves and operating expenses. We are naturally gratified with this progress which substantiates our decision in moving the bank into the heart of the financial district a little over a year ago."

Formerly known as the National Builders Bank before present interests acquired its control, the LaSalle National Bank moved into the Field building Nov. 12, 1940. Since opening for business in its new location, deposits have increased more than 88% according to figures released at the end of business on Dec. 31, 1941, which totaled $13,621,000.

Loans and discounts, too figured prominently in the gains. During the same period, loans increased by approximately 106%, amounting to more than $4,178,000. A contributing factor to the latter gain has been the installation of a personal credit department offering personal loans, auto loans, automobile financing, and insurance premium financing.

Stockholders of Bank of America, at their annual meeting in San Francisco, received a report from President L. M. Giannini indicating the magnitude of the Bank's aid to the war effort. During 1941, loans and commitments specifically for war purposes enabled borrowers to finance an estimated $1,500,000,000 in defense contracts, with activity showing rapid acceleration in the closing months of the year. In addition the war effort was aided through thousands of loans of other types. The report showed more than 2,600,000 deposit accounts on the books, an increase of 200,000 during the year. Operating expenses of $48,000,873 took about 63 cents of each gross income dollar compared with about 61 cents in 1940, caused mainly by a rise of $2,141,905 in payroll expense. Taxes and government assessments amounting to $8,227,406 were also at a new high level.

President Giannini emphasized there would be serious post-war problems for both Government and business to face and that their effect on the future economy could be gauged only to a reasonable extent. He expressed the hope that much of the expense attendant upon the war would be met by a forthright taxation program designed so as not to be oppressive to the point of drying up the source of tax revenue, and by issuance of long term Government obligations during this period of low interest rates. Short term financing he said, should be reserved as far as practicable for emergency purposes.

"Bank of America, with its 495 branches, its entire resources and facilities, its management and staff, will lend every possible support to our supreme national endeavor," Mr. Giannini concluded.

The American Trust Co., San Francisco, according to Blyth & Co., Inc., had operating earnings, after depreciation and after amortization of securities, of $1,818,575 for the year ended Dec. 31, 1941, equivalent to $12.12 per share of preferred stock and $4.05 per share of common stock. Comparable operating earnings for the year ended Dec. 31, 1940, amounted to $1,855,704, equivalent to $12.37 per share of preferred stock and $4.15 per share of common stock. Non-operating earnings, including recoveries and profit on sale of securities, for the year ended Dec. 31, 1941, were $1,253,868, bringing total earnings for the period to $3,075,443, equivalent to $20.50 per share of preferred stock and $7.40 per share of common stock. Non-operating earnings, including recoveries and profit on sale of securities for the year ended Dec. 31, 1940, amounted to $557,337, bringing total comparable earnings for that period to $2,413,041, equivalent to $16.09 per share of preferred stock and $5.63 per share of common stock. Further advices stated:

$300,000 of current earnings for the year ended Dec. 31, 1941, were carried to undivided profits account; dividends of $900,000 were paid out during the period; and the balance of earnings in the amount of $1,875,443 was added to various reserves.

Continuing its steady growth, American Trust Co. again reports deposits at an all-time high. Deposits of $365,717,758 are reported in the Bank's year-end statement of condition. This represents a gain of $42,757,673 for the year, and of $24,592,624 for the last six months. Loans, likewise, show an increase, being currently $172,107,577, an increase of $15,340,139 over a year ago, and $11,894,014 over the June 30 figure. Cash totals $99,250,055 as compared with $79,880,717 on Dec. 31, 1940, and $99,692,094 on June 30, 1941. Securities, including U. S. Government bonds and notes, state, county and municipal bonds, and other bonds and securities, total $113,455,910, an increase of $10,524,171 over the securities held at the end of 1940. Total resources are at an all-time high of $399,307,993.

Total resources of Barclays Bank Limited, London, one of the "Big Five" banks of England, reached an all time high of £685,166,024 at the end of December, 1941, according to cable advices received by C. A. Gingell, the bank's representative in New York. Deposits are reported as £645,185,396, representing an increase of over £98,000,000 compared with the end of 1940. This figure is the highest amount in the long history of the Bank.

On the asset side, the main items are as follows: Cash in hand and with the Bank of England, £70,617,710; balances with other British banks and checks in course of collection, £27,815,693; money at call and short notice, £24,917,550; bills discounted £40,343,437; treasury deposit receipts, £152,000,000; investments £168,219,935, of which amount £163,102,473 represents securities of or guaranteed by the British Government.

The investments of the Bank showed an increase of £47,000,000 and the treasury deposit receipts an increase of £84,000,000 as compared with the corresponding figures at the end of 1940.

Manufacturers Trust Co. 1941 Earnings $3.91 On Common, President Gibson Reports

Harvey D. Gibson, President of the Manufacturers Trust Co., New York City, reported at the annual meeting of stockholders on Jan. 14, that net operating earnings, not including net profits from securities sold or other assets disposed of during the year 1941, before charge-offs or additional reserves set up, but after all expenses and taxes, and after deducting dividends on preferred stock outstanding, as well as the total amount set up for amortization on bonds purchased above par, had amounted to $6,446,236 or $3.91 per common share, compared with $3.92 per share in the year 1940.

Of this total $3,299,838 was paid in dividends to common stockholders, $804,159 was credited to undivided profits account, and $2,342,239 was credited to reserve account.

Net profit on securities sold during 1941 amounted to $1,465,570. Recoveries on items heretofore charged off totaled $665,140. Both of these amounts were credited to reserve accounts. The bank disposed of miscellaneous items at an aggregate net loss of $190,242.01; of which amount $181,064.65 was charged against reserves previously set up. The bank charged down or set up reserves against bank premises and safe deposit vaults aggregating $715,858, the proportionate amount of which was, during the first three quarters of 1941, charged to reserves, and during the last quarter was charged against undivided profits, in the amount of $179,000. Recoveries in the Foreign Department on items heretofore charged against undivided profits amounted during the year to $621,941. This amount was re-credited direct to undivided profits at the end of the year.

Mr. Gibson pointed out the interesting fact that, despite an increase of $2,100,000 in the bank's gross operating income for 1941, over 1940, the net income after all expenses, taxes, insurance, amortization, etc., was just about the same for each year. This was accounted for in the following items.

> The cost of operations increased about $550,000.
>
> Tax payments and fees for Federal Deposit Insurance were almost $500,000 greater; and the net amount of amortization of bonds owned was greater by $1,075,000.

These amounts more than made up the total difference. Attention was called to the fact however that amortization of the premium on bonds purchased above par, which in 1941 amounted to $2,779,202 in effect reduced by that amount the book value of the securities owned, and while deducted in full from gross operating earnings, really has bettered the bank's position to an equal extent.

Mr. Gibson stated that the aggregate of all types of loans has during the past year continued to increase in a most gratifying manner. Loans in the bank's general banking and industrial credit departments, which constitute over 86% of the total loans, showed an average increase for the month of December last, as compared with a year ago, of approximately $53,000,000, or 29%; and if compared with December, 1939, two years ago, the increase shown is $76,000,000, or 48%.

Mr. Gibson informed the stockholders that there have been few changes in the character of the bank's portfolio during the year. Such activity as has taken place has for the most part been confined to United States Government securities. The maturity dates of the bank's holdings and United States Government and Government guaranteed bonds at the close of the year were as follows:

> Bonds maturing or callable from one to five years hence represented approximately 48¼% of the total holdings; from five to ten years 24½%; over ten years 27¼%.

In discussing changes in business conditions resulting from the war, Mr. Gibson said:

> Before we entered the war industrial production, due to defense and lend-lease needs, had proportionately already reached the peak attained during the World War. The present objective of the Government seems to be, however, at least to treble as quickly as possible the volume of defense material which was produced in 1941. We have consequently scarcely begun to feel the full effect of the change which must take place in our business life. As a complete war economy establishes itself, normal production will be dislocated more and more. Such manufacturers as cannot readily convert their plants to some form of defense production are bound to suffer hardship, and many of their employees will, for a time, find themselves out of work. Retailers will also have great difficulty in replenishing their depleted stocks. But employed wage earners will be earning more money than they have for many years, and they will be under great temptation to spend. It is to be hoped, however, that they will resist the temptation. For the more they spend, the higher will prices rise, and the less will they get for their money. Inflation is a real danger, and it must be avoided by every possible means. We should constantly keep in mind that other than by taxes, the only way that our country can finance its tremendous undertakings will be through the sale of Defense Bonds, and we must buy them to the full extent of our ability.
>
> Unsettled times are in fact ahead of us for many years to come, for reconstruction must repair the destruction caused by the war. There is bound to follow a period of readjustment. The world will have used up most of its available resources in carrying on the war, and new dislocations of business with attendant hardships will ensue. Consequently, it is of the utmost importance that this aftermath should be forestalled as much as it can be by a full realization of facts and by tempering spending with thrift whenever possible.

1941 Wheat Loans

The Department of Agriculture reported on Jan. 6 that through Dec. 27, 1941, Commodity Credit Corporation made 500,717 loans on 343,847,395 bushels of 1941 wheat in the amount of $338,014,549. The wheat under loan includes 110,785,524 bushels stored on farms and 233,061,871 bushels stored in public warehouses. Loans to the same date last year had been made on 270,624,404 bushels.

1941 Corn Loans

The Department of Agriculture reported on Jan. 6 that Commodity Credit Corporation had made 7,420 loans, in the amount of $5,719,313, on 7,891,660 bushels of 1941 crop corn through Dec. 27, 1941. Loans made to date have averaged 72.5 cents per bushel.

The loan program on the current corn crop was announced Nov. 18, 1941 (see issue of Dec. 4, page 1351). Under the program all corn pledged as collateral for a loan is stored on the farm.

Earnings Of Chase National Bank Advanced In 1941, Chairman Aldrich Announces

Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank of New York, told stockholders at the annual meeting on Jan. 13, that to meet the challenge of war will require the American people to forego "business as usual." American industry will meet the test, he said, provided that the Government is able to so organize the effort that the full power of industry can be promptly, efficiently and continuously applied to the task. The war will be won by the unity and devotion of civilians matching the strategy and heroism of the armed forces, he declared.

"To overtake the head start of the Axis Powers," Mr. Aldrich said, "puts a burden on the unequaled capacity of American industry, which even it can bear only if it receives the wholehearted aid of the American people." He added:

> That this wholehearted aid will be given cannot be doubted. But in giving this aid the American public will forego business as usual, will gain smaller net profits, will buy war bonds, will ride less and walk more, will demand and obtain fewer comforts and conveniences. It will not go hungry and it will not lack for clothing and shelter. Nevertheless, for a space of time, perhaps for years, the American public which will face realities it has not known for two generations, but which its forefathers mastered and thereby became the builders of the nation.

Compared with the task which American industry faces, the financial problem is secondary, Mr Aldrich said, adding that there is no doubt whatever that the money needed to finance the national undertaking, will be ready when called for.

He stated that as the war goes on and as the war appropriations of Congress are translated into contracts, the banks will be called upon more and more to put their credit at the disposal of the nation at war. The banks stand ready to do this, he explained, not only because of their matchless capacity to lend or because it is their duty, but because as American institutions they "are firm in the loyal purpose to do their great part in carrying the war through to a successful end."

With respect to bank credit for war industries, Mr. Aldrich's report added:

> While both of these types of lending by commercial banks,—that is, the purchase of Treasury obligations and the grant of credit to war industries—serve the same purpose of promoting the American war effort, they are quite different in their economic effects on the country. Reliance upon commercial bank credit to finance war expenditure tends to bring about inflation, whereas the use of bank credit to finance industry diminishes the chances of inflation. Credit used to finance industry engaged in war production does not remain outstanding but is retired in due course from the proceeds of taxes and Government loans. And if these loans are purchased out of savings and investment funds, then the dangers of inflation inherent in so great a program of Government spending are much reduced.

Warning that "we must look not only at the present" but must also plan for the future, Mr. Aldrich said the central problem then will be to maintain employment during the transition from war to peace. He further asserted:

> We shall have an immense piled-up demand for goods, not only to fill the gaps caused by the deprivations and wastage of the war years, but to catch up with the growth we would have had if the war had not occurred. The demand will exist, unchartable now and in endless variety. The problem will be to implement that demand with the economic power to satisfy it—that is, to provide the people with the means to buy the things they are sure then to need and want.

The net earnings of the bank for the year 1941, Mr. Aldrich said, amounted to $14,518,000, or $1.96 per share, compared with $13,550,000, or $1.83 per share in 1940. After providing for the payment of two semi-annual dividends of 70 cents per share each, there has been an increase during 1941 of $4,158,000 in the undivided profits account, as shown in the following table:

Undivided profs. Dec. 31, 1940	$36,212,000
Net earns. for year '41	14,518,000
Less: Divs. decl. during year 1941—$5,180,000 on June 25 and $5,180,000 on Dec. 24	10,360,000
Net earns. for 1941 in excess of divs.	$4,158,000
Undivided profs. Dec. 31, 1941	$40,370,000

Mr. Aldrich reported the following on the bank's deposits:

> Total deposit liabilities of the Chase National Bank on Dec. 31, 1941, amounted to $3,534,967,000, a figure which is about $8,000,000 below the total a year ago and about $83,000,000 below the maximum deposits reported as of March 31, 1941. This decline, which followed a rise of more than $1,309,000,000 in our deposits during the two years 1939-1940, occurred despite an increase in our loans and investments last year. The experience of the Chase National Bank in this respect was similar to that of other New York City banks.

Loans and discounts of the banks on Dec. 31, 1941, amounted to $802,221,000, an increase of $138,032,000, or 21%, over the previous year-end. Almost all of the increase, Mr. Aldrich explained, took place in commercial, industrial, utility and agricultural loans, reflecting the demand for funds required directly in the national defense program or in general business activity stimulated by that program. He said that the bank's direct defense loans outstanding at the end of the year approximated $50,000,000, and that commitments had been made to lend an additional $43,000,000, or total credits in excess of $93,000,000.

Commenting on the bank's holdings of $1,364,847,000 of United States Government securities, as of Dec. 31, 1941, or about 36% of the bank's total resources, an increase of about 29% in such holdings in the year, Mr. Aldrich said the average maturity of these holdings was four years and ten months, or two years and ten months if computed to the nearest call dates, and that the average yield was 0.59% in 1941.

In connection with the figures on deposits and holdings of Government securities, Mr. Aldrich pointed out the following "noteworthy tendency, characteristic of banking experience in recent years:"

> Starting in June, 1932, when the bank's deposits stood at the low point for the decade, deposits have risen about $2,200.000-000 to the present total. During the same period the holdings of United States Government obligations and the item "Cash and amounts due from banks" have risen about $2,100,000,000. Thus the increase in deposits roughly corresponds with the increase in the bank's holdings of cash and Government obligations.

Analyzing the bank's gross income, Mr. Aldrich emphasized the importance of the loans and investments increase in 1941 on net income. Average volume of earning assets last year was 27% greater than in 1940, he said. For this reason, and despite the fact that average interest rate earned was fractionally lower than in any previous year, aggregate amount of interest received on these loans and investments was considerably higher in 1941 than in 1940.

The bank's branches in London, Mr. Aldrich reported, continued to function during the year, though handling less business. Branches in the Canal Zone and in Panama experienced rapid growth in business. Operations of the Chase Bank, wholly owned affiliate of the Chase National Bank, which operates branches in France and in the Far East, carried on operations under great difficulties, the Chairman reported.

J. Frank Drake, President of the Gulf Oil Corp., and Carl J. Schmidlapp, a Vice-President of the bank, were elected new members of the Board of Directors. All the former directors were reelected except Vincent Astor, who requested that he not be considered because he is on active duty as a commander in the United States Naval Reserve.

The Chase National Bank's statement of condition as of Dec. 31, 1941, was reported in our issue of Jan. 8, page 133.

Ecker Resigns From Metropolitan Life

The resignation of Frederic W. Ecker as Vice-President and Director of the Metropolitan Life Insurance Co. to devote his full time as Special Assistant to Lend-Lease Administrator E. R. Stettinius, Jr., was announced on Jan. 14 by Leroy A. Lincoln, President of the company. He assumes his new duties today (Jan. 15) with headquarters in Washington.

Born in Brooklyn, N. Y., shortly before the turn of the century, Mr. Ecker is a graduate of Harvard University, where he majored in economics. Following World War I, in which he served as a first lieutenant, Mr. Ecker began the practical study of finance, starting as blotter clerk in a security house. He soon became assistant to the manager of the bond department. Seeking wider experience in his chosen career, he obtained a position with a trust company, handling its security sales. In 1925, at the instance of the late Haley Fiske, then President of the Metropolitan, he was offered and accepted the post of Assistant Treasurer of the insurance company. He was appointed Treasurer in 1931, and in 1936 he was elected Vice-President and a member of the Board of Directors. As Vice-President, Mr. Ecker has been in charge of the handling and supervising of Metropolitan investments.

No Savings Confiscation

In view of recurring rumors that the Government was planning to confiscate savings accounts, Secetary of the Treasury Morgenthau on Jan. 12 entered an emphatic denial that this was so. "I wish to state most emphatically that there are no foundations whatever for such rumors," Mr. Morgenthau said. "The Federal Government does not have under consideration any proposal involving the confiscation of savings deposits of this country for any purpose.

"Furthermore," he added, "any one circulating rumors of this character is acting against the welfare of the Nation."

National City Bank Chairman Reports 1941 Earnings At $17,721,822; Activity Up

In his report to shareholders at the annual meeting on Jan. 13, Gordon S. Rentschler, Chairman of the Board of the National City Bank of New York, stated that the surge of activity in 1941, occasioned by increasing national defense expenses, increased industrial production and additional employment of workers, stepped up the whole tempo of the bank's operations.

With respect to the outbreak of the war, Mr. Rentschler said:

> The spirit of the nation was fused into unity and focused on a single great objective—the winning of the war. Every person and institution is now being measured by his or its contribution to the national need. Banks and bankers face this test, both with respect to specific duties related to the war and their more general responsibilities as an essential part of the country's economic life.

According to Mr. Rentschler's report, the earnings of the bank for the year, after provision for taxes and depreciation, were $17,721,822 as against $18,169,449 in 1940. Included in these figures were profits from the sale of bonds and securities in the amount of $6,406,663 in 1941 and $6,712,098 in 1940 which were transferred to reserves, leaving current net earnings for the year of $11,315,158 as compared with $11,457,350 for 1940. Net recoveries, substantial in amount, were not included. The report went on to say:

> Dividends totaling $6,200,000 were paid, $3,000,000 was added to surplus, and $2,115,158 carried to undivided profits.
>
> The surplus account was increased also by $6,000,000 from the year's recoveries and by $4,000,000 representing a further partial liquidation distribution from the City Company of New York, Inc.
>
> At the year-end, capital stood at $77,500,000, surplus at $77,500,000, and undivided profits at $17,891,093.
>
> We continue to follow a conservative policy in valuing our assets, and further recoveries may reasonably be expected. Unallocated reserves are maintained at levels which we believe adequate, and are larger than a year ago. As in previous years, these are deducted in arriving at the asset figures which appear in our published statements.
>
> Interest and discount accounted for about 87% of domestic income other than profit on the sale of bonds and securities. Interest from investments and interest from loans were both greater than in 1940, though average rates were lower.
>
> Additional taxes constituted the largest increase in expenses, including $925,000 more for Federal and State taxes, and $384,000 additional Federal Deposit Insurance. Our total assessment for deposit insurance was over $2,000,000.

Mr. Rentschler reported that after two years of extraordinarily rapid growth, the bank's deposits, along with those of other New York banks, ceased their upward movement about mid-year and turned down. At the year-end they were at about the same level as a year before. The change, he added, was due to a near cessation of gold imports, an increase in the use of currency, and an outflow of funds from New York to the interior.

Comparative distribution of deposits of the bank at the year-end is shown in the following table:

	Dec. 31, 1940			Dec. 31, 1941		
	Thrift	Oth.	Ttl.	Thrift	Oth.	Ttl.
	(In millions of dollars)					
Head office	10	1,753	1,763	10	1,709	1,719
Domestic Branches	128	720	848	125	758	883
Foreign Branches	51	246	297	34	243	277
Total	189	2,719	2,908	169	2,710	2,879

Regarding the National City's foreign operations, Mr. Rentschler reported that the bank's policy of contracting its overseas organization in threatened areas was carried forward "more vigorously" in the past year.

He revealed that during the year the two branches of the International Banking Corporation in Spain were transferred to a Spanish commercial bank and legal steps were taken to wind up the National City Bank of New York (France) S. A., the French subsidiary of the International Banking Corporation. This left in Europe only two branches, both in London.

In the Far East, Mr. Rentschler said, the branches in Kobe, Osaka and Yokohama as well as those in Harbin and Dairen, in Manchuria, were closed before the outbreak of war with Japan, leaving only a small office in Tokio. The branch at Canton was closed and consolidated with that of Hong Kong, while Peiping had been reduced to an outpost for Tientsin. The remaining local currency deposits were balanced by cash of the country; foreign deposits, mostly in dollars, were protected by assets held outside war areas. Bank buildings at Harbin, Osaka and Shanghai were sold during the year. All premises now owned in the Far East, Mr. Rentschler said, are fully reserved against. Exposure of the bank potentially is larger in Manila, he added, but about half the assets rest upon values outside the Philippines.

Mr. Rentschler said that the bank's losses as a result of the war with Japan would not be large, but that it would be some time before the bank's position could be determined. "The closing of branches," he said, "means some reduction in current earnings." Latin-American business of the bank's 35 branches has prospered, he also reported.

The National City Bank's statement of condition as of Dec. 31, 1941 was referred to in these columns of Jan. 8, page 133.

Mr. Rentschler also disclosed that net earnings for the City Bank Farmers Trust Co., an affiliate, were $1,188,259 for 1941, as compared with $866,435 in 1940. His report explained these earnings as follows:

> Included in these totals were profits from the sale of securities of $482,548 and $491,676 respectively, which were transferred to reserves. The totals do not include recoveries, which were also added to reserves. No dividends were paid in either year, and all earnings after transfers to reserves were added to undivided profits, bringing that figure at the year-end to $5,830,103. Capital and surplus remain at $10,000,000 each.
>
> The volume of personal and corporate trust business increased in most categories and the amount of new business obtained during the year was encouraging.

In reply to a stockholder's question on the National City's dividend policy, Mr. Rentschler said that it had been on a carefully planned basis and that "there is nothing in the picture now that would justify a cut in the dividend rate."

Urges Savings Banks To Educate In Thrift

Henry Bruere, President of the Savings Banks Association of the State of New York and of the Bowery Savings Bank, called on the mutual savings banks on Jan. 11 "to do now, by united action, the greatest educational job in thrift that America has ever witnessed." In his message, Mr. Bruere reviewed the many ways in which savings banks and their personnel have been contributing to the defense effort. Then he added:

> Now the war is on and the new year starts with its invitation to form plans and set new goals. What measures suggest themselves as helpful and important at this moment of stock taking?
>
> My own belief is that the first thing for us to do is to insure our maximum usefulness by making evident that as a group of institutions we are equipped by history and habit to serve the community well at this time in several important respects.
>
> First, we can strengthen the sense of power and endurance of our people by helping them save for emergency needs and to keep away worry over their personal financial problems when all their mental and nervous strength is needed to help toughen the fibre of America.
>
> Second, we can show how by saving and the use of saved funds for investment in government approved housing or government bonds, each depositor-saver is an enlisted civilian soldier in the great economic effort America must make to win the war.
>
> Third, we can educate the public in how to protect themselves against inflation by practicing thrift; by saving instead of spending.

Besides the educational program. Mr Bruere said, "the savings banks in the year to come should press forward their efforts to improve the quality and condition of their assets." He further said:

> Above all else, management will be expected to rise to higher levels than ever before with better techniques at its command. The year ahead, each day of it, will be a year when the day's work will never be done.
>
> I hope that we shall find continuous opportunity to work together to make the mutual savings banks of New York a strong, tireless weapon in the defense and strengthening of the important part of America our institutions are designed to serve.

Dean Landis Is Named Executive Of The OCD

President Roosevelt announced on Jan. 9 the appointment of James M. Landis, Dean of the Harvard Law School, as "executive" of the Office of Civilian Defense. Mayor F. H. LaGuardia is national Director of the OCD and will continue in that post, being mainly concerned with "perfecting the organization" throughout the country. Under the partial reorganization of the OCD, Mr. Landis, who will receive $10,000 a year, will devote his full time to administration of the Office. The appointment is believed to have been brought about by the criticism of Mayor LaGuardia for trying to direct civilian defense and still continue in his New York post.

Mr. Landis was a member of the Federal Trade Commission in 1933 and 1934 and became a member of the Securities and Exchange Commission in 1934. He was made Chairman of the SEC in 1935, holding the post until 1937, when he was made Dean of the Harvard Law School.

U. S. Munitions Output Must Surpass World's

American business has the task of converting the Nation's productive capacities to the point where this country's output of munitions and ships shall exceed that of the rest of the world combined, according to the Jan. 15 issue of the Cleveland Trust Co. "Business Bulletin." We are dedicated to this task and we can achieve the goal if we try "hard enough, fast enough, and long enough," the "Bulletin" declares. The "Bulletin" also says:

> Quality, quantity, and speed are the ingredients of victory. The one about which we have the least cause for worry is quality. We already know that the fighting quality of our men is high. That has been demonstrated at Pearl Harbor, at Wake, and in the Philippines. We need not worry about the combat quality of our soldiers and sailors, on land, in the air, at sea, and under the sea. Neither need we worry about the quality of our planes, tanks, ships, and weapons. They are strictly high-grade instruments of war.
>
> Quantity and speed are the factors about which we do need to have great concern. We have been preparing for this war for nearly two years now, and the quantities of munitions that we have succeeded in producing are not as yet even remotely adequate for equipping our own armed forces, and for contributing largely to the equipment of the other nations that are fighting beside us against our common enemies. We are the leading industrial nation of the world, and our specialty is mass production. Our task now is to develop genuine mass production of munitions, and to do it on a vast scale.
>
> We must do it not merely on a vast scale, but with the greatest possible speed, for time is running against us. This World War will be won or lost by American business, and that is the shocking truth about which all American business men should be thinking. They should be acting while they are thinking, and thinking while they are acting, because upon them depends the future of our civilization. War has suddenly become our greatest business, and the mass production of munitions is our paramount industry. Our technical knowledge and skill, our supply of manpower, and our plant and equipment facilities must be fully coordinated to produce the needed expansion in the output of munitions.

Chicago Mercantile Exchange Governors

Members of the Chicago Mercantile Exchange elected six governors to serve two years and a nominating committee for 1942 in annual balloting on Jan. 8. All the successful candidates were regular slate nominees.

Reelected to the Board of Governors were Garrett B. Shawhan of G. B. Shawhan Co., President of the exchange; Thomas J. Ryan of Beatrice Creamery Co.; and Max Weinberg of Weinberg Bros. & Co. New governors chosen were Maurice Mandeville, associated with Fahnestock & Co.; Frank Priebe of Priebe & Sons, Inc.; and, Joseph Godow of the firm bearing his name.

Officers of the exchange for the ensuing year will be named by the governors following the mart's annual meeting Jan. 19. Elected to the nominating committee were C. S. Borden of S. S. Borden Co.; Frank Darby of Merrill Lynch, Pierce, Fenner & Beane; Joseph J. Fox of the Peter Fox Sons Co.; Henry Gatlin of Dauber Bros.; and C. C. Tatham, Jr., of Tatham & Company, Inc.

SEC Adopts Form For Unit Trusts

On Jan. 9 the Securities and Exchange Commission announced the adoption of a registration form under the Investment Company Act of 1940 for unit investment trusts which are currently issuing securities, including those unit investment trusts which issue periodic payment plan certificates. In explaining this action, the Commission's announcement stated:

> Forms and regulations for registration of inactive unit trusts and management companies which issue periodic payment plan certificates present special problems and will be issued at a later date.
>
> Prior to adoption, drafts of the form were circulated to all unit investment trusts registered under the Act for comment and criticism.
>
> The registration form will not only be available for registration of such unit investment trusts under the Investment Company Act of 1940, but it also is contemplated that it may be used, with certain additional information, for the registration of new issues of securities of such unit investment trusts under the Securities Act of 1933.
>
> The form requires comprehensive information with respect to the organization, operation and management of the companies and the rights and obligations of security holders. The form also requires the submission of detailed financial information, including certain over-all experience tables as to volume of distribution, termination, lapses, etc. of trusts issuing periodic payment plan certificates.
>
> Copies of the form, which is known as Form N-8B-2, have been sent to all unit investment trusts to which it is applicable. Additional copies may be obtained from the Regional Offices of the Commission.
>
> In connection with the adoption of Form N-8B-2 the Commission amended two existing rules, Rules N-8B-2 and N-45A-1, and adopted a new rule, N-8C-2. Rule N-8C-2 provides for the filing under the Investment Company Act of copies of material already filed under other statutes administered by the Commission in lieu of a registration statement on Form N-8B-2.

NY Reserve Bank Staff Promotions

The Federal Reserve Bank of New York announced on Jan. 9 that its Board of Directors has made the following changes in the official staff of the Bank and of its Buffalo Branch, effective immediately.

At the Head Office

Edward O. Douglas, formerly Manager, Personnel Department, has been appointed an Assistant Vice-President of the Bank.

William A. Heinl of the Personnel Department, has been appointed an officer of the Bank with the title of Manager, Personnel Department,

At the Buffalo Branch

Reginald B. Wiltse, formerly Assistant Manager of the Buffalo Branch, has been appointed Managing Director of the Buffalo Branch. Mr. Wiltse succeeds Robert M. O'Hara, who retired as Managing Director at the close of business Dec. 31, 1941, having reached the retirement age — 65 years—under the Retirement System of the Federal Reserve Banks.

George J. Doll of the staff of the Buffalo Branch, has been appointed an officer of the Buffalo Branch with the title of Assistant Cashier.

Eccles Urges Mayors To Oppose Local Tax Reductions, Asks End Of Tax Exempts

In an address before the Annual Conference of Mayors, Jan. 13, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, urged the city officials to oppose tax reductions in their respective municipalities and to strive to put an end of the issuance of tax-exempt securities. Reduction of taxes by cities and States, Mr. Eccles explained, would "negative what the Federal Government is seeking to accomplish in controlling inflation through increasing Federal taxation." Present taxes should be maintained, he said, thereby enabling local Governments to pay off their public debts. In asking the city officials to exert their influence to terminate the issuance of tax-exempt securities, Mr. Eccles declared that at the present time it is important that our tax structure be as fair and equitable as we can make it.

The Annual Conference of Mayors was held on Jan. 13 at the Mayflower Hotel in Washington, D. C. Mayor LaGuardia of New York City, President of the Conference, presided. The following is the portion of Mr. Eccles' address urging opposition to tax reductions and the abolition of the issuance of tax-exempt securities:

> There are two particularly timely subjects that I should like to mention, though I suspect they will not be popular with many of you. Specifically, you can oppose tax reductions in your cities and you can exert all your influence to put an end to the issuance of tax-exempt securities. As to the latter, the Federal Government has led the way. Your States and cities should follow. Let me tell you why these two lines of action are so necessary and important.
>
> As you all know, the enormous military demands for materials and man power have made it necessary for the President to call upon the public to reduce its expenditures and thus to release resources urgently needed for war purposes. The same considerations should lead government at every level, Federal, State and local, to reduce or postpone all expenditures that are not essential for the war effort and maintenance of civilian morale. Public works, all plans for capital improvements, should be deferred so far as possible until after the war, when such expenditures can be timed to stimulate production and maintain employment.
>
> There is one exception to this rule so far as your cities are concerned. In those communities experiencing rapid expansion because of defense activities and the influx of population, it is manifestly impossible to curtail—for you must extend police and fire protection and all the other essential public services needed to take care of this sudden but probably temporary growth. Because, in all probability, this growth is not permanent, part, if not all, of the costs of extending public services should be treated as defense work and thus should be financed with Federal help.
>
> Otherwise, it is urgently necessary that you practice every economy consistent with the maintenance of essential services. This does not mean that you should reduce local taxation, however plausible that may seem at first. For to the extent that you reduce local taxation, you negative what the Federal Government is seeking to accomplish in controlling inflation through increasing Federal taxation. The taxpayer's contribution to the war effort is made by reducing his personal expenditures for goods and services, thus aiding in the shift of economic resources to military purposes. To the extent that the Federal tax pressure upon the taxpayer is offset by reduction of State and local taxes, the economic purpose of the Federal tax program is defeated. Accordingly, instead of reducing local taxes, you should maintain them, thereby enabling you to pay off your public debts. If you have no such obligations, then invest the funds in Government securities, thus helping to finance the war. This is the time to pay off or reduce local public debts as well as private debts, thereby helping to offset the inflationary factors arising from expansion of the Federal debt, while at the same time building up a credit reserve for use in the post-war era. Repayment of your securities would make available to those who hold them funds which they could invest in Government securities. Indeed, you have a rare opportunity for a major achievement in financial statesmanship. I hope that opportunity will be grasped.
>
> You can make another real contribution to financial statesmanship by opposing any further issuance of tax-exempt securities by your States and cities. In these critical times it is more important than ever that our tax structure be as fair and equitable as we can make it. There is no more glaring loophole in the tax picture than that afforded to the wealthy by reason of tax-exempt securities. They are a hide-out and a haven where the man of means can put his money and insulate himself from paying the increased taxes that must be exacted today all down the line, extending to small groups that have not been subjected heretofore to income taxes. While I do not see how taxation can be levied in good faith on the tax-exempts already issued, there should be a discontinuance of this inequitable practice so far as all future refunding or new issues are concerned.
>
> How can anybody justify raising tax rates all down the line, even to the low income groups as is necessary both to war-financing and to the control of inflation, while allowing those of large means to escape by investing in tax-exempts? It is indefensible. And bear in mind that the more taxes have to be increased, the more valuable the tax-exempt privilege becomes. For example, by putting his money into tax-exempts, even under the present income tax, the man with a million-dollar income saves $79 for every $100 of income derived from tax-exempts. The man with an income of $100.000 thus saves $69 on every $100 of income from tax-exempts—and so on. The tax-exempt privilege is worth the most to the wealthy and the least to those of small means—quite the opposite of democratic conceptions of justice. To the man with the million-dollar income, the tax-exemption privilege afforded by a municipal bond yielding 2% is worth as much as a taxable security that yields 9½%.
>
> All other types of incomes—salaries, wages, dividends — are subject to the rising rates of taxation, to say nothing of business and other risks. It is only the recipient of the tax-exempt income who is free of all risks. Taxes that compel all other groups to curtail their living standards as a necessary contribution to the winning of the war do not touch him. As for the comparatively small saving in the amount of interest paid by the public bodies which issue tax-exempts, far more is lost to the economy by allowing the wealthy to escape through this loophole than is saved in interest. Remember also that your local citizens pay Federal taxes—and the bulk of them pay heavily for the exemptions thus afforded to the wealthy.

Defense Bond Sales Up Savings Deposits Down

That people are not saving any substantial portion of their current income is the inevitable conclusion to be drawn from statistics on deposits and Defense Bond sales reported by the savings banks of New York State on Jan. 16. For despite record purchases of Defense Bonds during December, it is explained, these purchases were more than offset by withdrawals from savings accounts.

Total sales of defense securities by the New York State savings banks during December amounted to $29,577,000, bringing the total since the program was initiated on May 1 to over $103,000,000. During the same month, however, the loss in deposits was $27,550,000, despite $34,900,000 added as year-end dividends, bringing the decline in savings deposits to $134,697,000 for the full year.

"The loss in deposits is not important when compared with the $5,548,711,000 on deposit with the savings banks at the year end," stated Henry Bruere, President of the State Association of Mutual Savings Banks and the Savings Banks' Liaison Officer with the Treasury Department. "However, it is apparent that many people, in their enthusiasm to support the Defense Savings Campaign, have overlooked the true objective of the Treasury Department. This is to attract new savings out of current income. Instead, they have drawn on existing savings for their Defense Bond purchases. Unfortunately, meeting the Treasury's financial requirement is not that simple. Withdrawals of savings deposits generally necessitate sales of Government bonds by the savings institutions in order to maintain proper cash reserves. Thus savings so transferred are merely switched from one type of Government bond to another, with little if any net gain to the defense financing program and at an actual increase in cost to the Government."

Not until there is widespread shrinkage in civilian consumer spending, and regular additions to total savings, Mr. Bruere added, "will the campaign for Victory receive the right kind of popular financial support, and the preservation of a sound economy be assured."

Grain Sales Price

The U. S. Department of Agriculture said on Jan. 1 that no change would be made in the minimum sales prices for pooled wheat during the period ending Jan. 14, 1942. The sales program originally announced on Dec. 16, 1941 (see issue of Jan. 1, page 29) provides for the offering by the CCC of 1939 and 1940 pooled wheat at the market price but not less than 15 cents over the 1941 loan value. Premiums and discounts established under the 1941 loan program also are used in determining the minimum sales prices. The Department also announced that Government-owned corn stored in terminal and subterminal elevators will be offered by the CCC at 82 cents for No. 2 yellow corn, basis Chicago. The previous price was 81 cents.

Brooklyn Trust Co. Operating Net $681,130

Net operating earnings of the Brooklyn Trust Co., Brooklyn, N. Y., for the year 1941, after all expenses, interest, and taxes, were $681,130, which compare with $700,700 in the year 1940, according to the statement of George V. McLaughlin, President of the bank, given to stockholders at their annual meeting on Jan. 12. Mr. McLaughlin reported that the earnings were disposed of as follows: total for reserves, $267,300; to undivided profits, $10,830; to surplus, $75,000, and dividends paid, $328,000. President McLaughlin also said:

> The Company's holdings of United States Government securities were $53,211,270 at the end of 1941, against $36,311,373 at the beginning of the year, an increase of $16,899,897. Approximately 13% of our holdings mature within 5 years, 29% either mature or become callable in from 5 to 10 years, 55% mature or become callable in 10 to 20 years, and 3% are not callable within 20 years.

He reported that the bank is active in national defense financing, making 48 loans totaling $6,401,698 during the year to finance operations of private business concerns working on government contracts in connection with national defense. Of this amount, $3,050,686 was outstanding at the year-end, the rest having been repaid in the usual course of business.

President McLaughlin stated that the bank is also actively engaged in selling Defense Savings Bonds, the sales totaling $6,020,800 since they were first offered to the public on May 1, 1941.

In his general comments, Mr. McLaughlin said:

> Banking institutions must and will play an important part in helping to win the war. They will undoubtedly increase their holdings of Government securities, extend additional credit to defense contractors, and continue to sell Defense Savings Bonds to the public. Our duty, like that of everyone else, is to help the Government carry the war to a successful conclusion, regardless of whatever readjustments we must make.

SEC Amends Holding Company Form U5S

The Securities and Exchange Commission on Jan. 7 announced the adoption of a number of amendments to Form U5S, which is the form used by registered holding companies in filing annual reports under the Public Utility Holding Company Act of 1935.

The amended Form U5S is marked "Adopted Dec. 31, 1941." Annual reports on this form are required to be filed on or before the first day of May of each year, covering the prior calendar year. The amendments to the form involve a number of minor changes, principally of a clarifying nature, the SEC explained.

In addition, the Commission adopted supplementary instructions of a temporary character which are presently made applicable only to the reports covering the year 1941. These temporary instructions dispense with the requirement of responding to certain items in the form, and permit a simplification of the answers to certain other items. In addition, the temporary instructions provide for filing, in a special confidential supplement, the maps and descriptions of changes in physical plant called for by items 6 (b), Exhibit E, and comparable information filed as part of Exhibit G to the form.

Lamont Makes Appeal In Red Cross Fund Drive

Thomas W. Lamont, Chairman of the National Advisory Committee of the American Red Cross, made an appeal on Jan. 8 for support of the Red Cross drive for $50,000,000 in an address at a dinner of the Greater Boston United War Fund. Saying that this is a "war measure," Mr. Lamont, who is Vice-Chairman of the Board of J. P. Morgan & Co. Incorporated stated that the Red Cross "must go to soldier in the field and to bluejacket on outlying naval stations." He called the Red Cross a "unique American institution" which in itself, aside from the immense services it renders, is "worthy of all our support as the symbol of the very freedom and democracy that we are working and fighting for." Mr. Lamont added:

> We must see to it that the war chest which is so vital to all these intimate services is filled. This is an appeal today for our own men across the seas or in the camps scattered all over this land. Times have changed, but the need for the personal contact, for the human touch is just the same for our American men and their families as it has always been in every struggle in which we have been engaged. Do not once forget that whatever danger, whatever suffering may come to the men of our armed forces, there the Red Cross will be. And in this, our country's greatest crisis, it is for us to fall to at once, to work to make its task thorough, to make it efficient, to make it complete.

Saying that America seemed for years to have lost her power of indignation "until the Japanese thunderbolt struck," Mr. Lamont said that "we have got to hurry to make up for lost time" when "we had blinded ourselves to the march of events." He went on to criticize the "isolation doctrine" but added that the Japanese invasion has suddenly "brought unity to America" and "former differences of opinion are all dissolved in the general cause that we serve." Stating that "we have now awaked in time if only we take hold at once" Mr. Lamont continued:

> We begin to see not as through a glass darkly but face to face. We see that this country which for years acted internationally as if it were weak and spineless is potentially the strongest in the world. Immense preponderance in raw materials, industry, financial resources, the most highly skilled and efficient staff of workers. We begin to see indeed that America's might is such that, *if rightly directed*, if we have the will, we can win the war and win the peace. But with our strength must come responsibility. No longer in the years to come can we dodge that, be it a privilege or a burden.

He concluded his remarks by declaring:

> Yet—make no mistake—this country has never been in such dire peril as today. The danger is alive. It is before us. We must meet it and meet it today. This great Red Cross effort is one tangible task that must be carried through. It gives us an immediate opportunity to show with new resolve that we are worthy of the men who are bearing our burdens, fighting our fight. It will yield results far beyond the money itself. It will revive and reawaken among us the spirit of self-help and of helping others.

Labor Bureau's Wholesale Price Index Reaches New 12-Year Peak In Jan. 10 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Jan. 15 that agricultural commodity markets rose sharply during the week ended Jan. 10, following Senate action on the price control bill providing for higher farm price ceilings and there were moderate price advances in other markets. The Bureau's index of nearly 900 price series rose 0.7% to 95.0% of the 1926 average, a new 12-year peak.

In explaining the changes, the Bureau's announcement said:

> The indexes for 7 of the 10 major commodity groups advanced during the week. The upward movement was led by an increase of 2% in farm product prices, and 0.7% in food prices. Textile products rose 0.9% and building materials, 0.6%. Chemicals and allied products and miscellaneous commodities advanced 0.2% and metals and metal products were 0.1% higher than for the previous week. Prices of fuel and lighting materials and housefurnishings goods declined slightly while hides and leather products remained steady under price ceilings for both hides and leather.
>
> Prices for nearly all agricultural commodities rose sharply during the week. Livestock and poultry advanced 4% as higher prices were reported for cattle, hogs, sheep and live poultry. All grains advanced, ranging from about 1% for wheat to more than 6% for rye. Cotton prices were up about 4% to the highest level since October, 1929. Peanuts rose 14% and prices were also higher for apples, onions and potatoes. Lower prices were reported for eggs and wool. In the past month farm product prices have risen 6½% and are more than 39% higher than a year ago.
>
> Wholesale prices for foods continued to rise and are now at the highest level in nearly 12 years. Meats, dairy products and cereal products rose fractionally as quotations were higher for butter, flour, veal, mutton, ham, fresh pork and beef, for lard, oleomargarine, edible tallow, most vegetable oils and for tea. Sharp declines in prices for bananas and citrus fruits accounted for the decline in the fruit and vegetable subgroup. Cattle feed prices were up 4% over a week ago.
>
> Th advance in prices for raw cotton permitted higher prices for cotton yarns and yard goods under the sliding scale ceiling and caused the index for cotton goods to rise 0.8% during the week. Higher prices were also reported for dress shirts, underwear, cotton hosiery and cordage. Quotations for burlap fell 4.3%.
>
> Average prices for building materials rose 0.6% as a result of higher prices for lumber, particularly most types of Douglas fir, for oak, spruce and for yellow pine boards, finish, flooring and lath. Prices for window glass rose more than 5% and quotations were also higher for gravel, sand, lime and for rosin, tar and turpentine. Quotations were lower for yellow pine dimension, drop siding, and for timbers.
>
> Prices for industrial fats and oils continued to advance and are now more than 158% above the pre-war level. Quotations were also higher for acetic acid and for certain fertilizer materials.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Dec. 13, 1941 and for Jan. 11, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Jan. 3 to Jan. 10, 1942.

(1926 = 100)

Commodity Groups—	1-10 1942	1-3 1942	12-27 1941	12-13 1941	1-11 1941	Percentage changes to Jan. 10, 1942, from— 1-3 1942	12-13 1941	1-11 1941
All Commodities	95.0	94.3	93.8	93.1	80.2	+0.7	+2.0	+18.5
Farm products	98.8	96.9	95.5	92.8	71.0	+2.0	+6.5	+39.2
Foods	92.5	91.9	91.2	90.4	73.0	+0.7	+2.3	+26.7
Hides and leather products	115.7	115.7	115.6	115.4	102.8	0	+0.3	+12.5
Textile products	92.4	91.6	91.5	91.0	74.2	+0.9	+1.5	+24.5
Fuel and lighting materials	78.9	79.0	79.0	79.0	72.6	—0.1	—0.1	+ 8.7
Metals and metal products	103.5	103.4	103.4	103.4	97.8	+0.1	+0.1	+ 5.8
Building materials	108.9	108.3	108.1	107.8	99.6	+0.6	+1.0	+ 9.3
Chemicals and allied products	95.3	95.1	91.7	91.5	78.2	+0.2	+4.2	+21.9
Housefurnishing goods	102.4	102.5	102.3	102.3	90.4	—0.1	+0.1	+13.3
Miscellaneous commodities	87.7	87.5	87.4	87.5	77.1	+0.2	+0.2	+13.7
Raw materials	94.5	93.4	92.5	91.4	74.1	+1.2	+3.4	+27.5
Semimanufactured articles	91.3	90.3	90.2	90.1	80.8	+1.1	+1.3	+13.0
Manufactured products	96.0	95.5	95.2	94.6	83.4	+0.5	+1.5	+15.1
All commodities other than farm products	94.1	93.7	93.4	93.2	82.3	+0.4	+1.0	+14.3
All commodities other than farm products and foods	94.3	94.1	93.9	93.8	84.4	+0.2	+0.5	+11.7

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 3, 1942, TO JAN. 10, 1942

Increases

Plumbing and heating	5.9	Cotton goods	0.8
Livestock and poultry	4.0	Other farm products	0.6
Cattle feed	4.0	Cereal products	0.6
Hosiery and underwear	2 8	Dairy products	0.5
Meats	1.7	Fertilizer materials	0.3
Grains	1.6	Leather	0.2
Farm products	1.6	Lumber	0.2
Clothing	1.2	Bituminous coal	0.1
Other building materials	1.2	Drugs and pharmaceuticals	0.1
Other foods	0.9	Paper and pulp	0.1
Oils and fats	0.9		

Decreases

Fruits and vegetables	2.3	Furnishings	0.2
Hides and skins	0.3	Other textile products	0.1

Automobile Financing Reduced In November

The dollar volume of retail automobile financing in November, 1941 was 37.6% under the same month a year ago, according to an announcement released Jan. 14 by J. C. Capt, Director of the Census. Financing in November 1941 was 16.7% under the level of November, 1939. The volume of retail financing for 400 organizations amounted to $94,901,896, a decrease of 11.0% from October, 1941. Between October and November of this year, the volume of wholesale financing — which had risen to $198,874,483 in October—dropped 2.3%. Wholesale financing was 12.1% under a year ago but 44.0% above November, 1939. Retail automobile receivables outstanding on Nov. 30 for 214 firms amounted to $1,379,444,978. These 214 organizations accounted for 93.9% of the total volume of retail financing reported for November by 400 organizations.

The table below presents statistics on wholesale and retail financing for 400 organizations in November; figures of automobile financing for the month of October, 1941, were published in the Dec. 27, 1941 issue of the "Chronicle," page 1680.

		Retail Financing (400 Organizations) Total		New Cars		Used and Unclassified Cars	
Year and Month	Wholesale Financing Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars
1941—							
October	198,874	247,214	106,680	67,162	50,073	180,052	56,606
November	194,258	a208,727	94,901	57,938	44,425	150,789	50,476
Total (11 mos. end. Nov.)	2,257,822	4,193,035	1,920,915	1,416,423	1,028,083	2,776,612	892,832
1940—							
October	221,252	337,304	151,899	127,113	89,475	210,191	62,424
November	220,941	331,040	152,009	124,661	88,574	206,379	63,434
Total (11 mos. end. Nov.)	1,910,123	3,693,167	1,579,374	1,319,539	888,602	2,373,628	690,772
1939—							
October	130,331	267,702	109,792	89,886	59,524	177,816	50,267
November	134,922	272,735	113,940	98,933	63,999	173,802	49,940
Total (11 mos. end. Nov.)	1,327,777	3,077,221	1,243,388	1,047,765	675,037	2,029,456	568,350

a Of this number 27.7% were new cars, 71.9% were used cars, and 0.4% unclassified.

RETAIL AUTOMOBILE RECEIVABLES OUTSTANDING END OF MONTH AS REPORTED BY 214 IDENTICAL ORGANIZATIONS

	1941 $	1940 $		1941 $	1940 $
January	1,180,906,448	876,699,079	July	1,542,871,600	1,105,275,234
February	1,208,702,083	887,096,773	August	1,560,029,489	1,116,928,055
March	1,255,229,506	918,645,709	September	1,493,636,261	1,097,627,143
April	1,340,696,165	971,940,670	October	1,435,361,363	1,114,526,350
May	1,432,542,508	1,021,533,732	November	1,379,444,978	1,137,469,065
June	1,499,983,244	1,063,638,452	December	--------	1,166,050,596

December Living Costs Higher In 56 Cities

Living costs for wage earners and lower-salaried clerical workers increased from November to December in 56 of the 68 industrial cities surveyed each month by The Conference Board. Living costs were unchanged in four cities and were lower in eight. The largest increase was 1.3% in Akron and Grand Rapids. The largest decrease was 1.0% in Newark. In the United States as a whole the cost of living rose 0.5%.

The cost of living was higher in December than in December, 1940, in all of the sixty-one cities for which comparable figures are available. The largest increase was 16.6% and the smallest was 5.9%, in Newark. In the United States the cost of living rose 8.7%.

The following table gives percentage changes in living costs from November to December in all sixty-eight cities.

PERCENTAGE CHANGES IN LIVING COSTS IN 68 CITIES NOVEMBER TO DECEMBER, 1941

Source: The Conference Board

City	% Chge.	City	% Chge.	City	% Chge.
Akron	+1.3	Toledo	+0.6	Wilmington, Del.	+0.3
Grand Rapids	+1.3	Wausau	+0.6	Baltimore	+0.2
Sacramento	+1.2	Anderson	+0.5	Macon	+0.2
Lansing	+1.1	Dallas	+0.5	Omaha	+0.2
Seattle	+1.1	Evansville	+0.5	Cleveland	+0.1
Dayton	+1.0	Joliet	+0.5	Fall River	+0.1
Oakland	+0.9	Lewistown	+0.5	Front Royal	+0.1
Parkersburg	+0.9	Los Angeles	+0.5	Kansas City, Mo.	+0.1
San Francisco	+0.9	Meadville, Pa.	+0.5	Lynn	+0.1
Syracuse	+0.9	Muskegon	+0.5	Pittsburgh	+0.1
Birmingham	+0.8	Portland, Ore.	+0.5	Cincinnati	0
Des Moines	+0.8	Richmond	+0.5	Providence	0
Milwaukee	+0.8	Memphis	+0.4	St. Paul	0
Erie	+0.7	Philadelphia	+0.4	Spokane	0
Trenton	+0.7	Rochester	+0.4	Boston	—0.1
Youngstown	+0.7	Rockford	+0.4	Chicago	—0.1
Bridgeport	+0.6	Saginaw	+0.4	Louisville	—0.1
Buffalo	+0.6	Denver	+0.3	Atlanta	—0.2
Chattanooga	+0.6	Detroit	+0.3	New Haven	—0.2
Duluth	+0.6	Flint	+0.3	New Orleans	—0.2
Houston	+0.6	Minneapolis	+0.3	Manchester	—0.5
Indianapolis	+0.6	New York	+0.3	Newark	—1.0
St. Louis	+0.6	Roanoke	+0.3		

December Cotton Consumption Continues High

Under date of Jan. 14, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles, and imports and exports of cotton for the month of December, 1941, and 1940. Cotton consumed amounted to 887,326 bales of lint and 110,612 bales of linters, as compared with 777,482 bales of lint and 104,462 bales of linters in December, 1940.

December consumption of cotton includes 1,200 bales distributed by Surplus Marketing Administration through various cotton mattress programs. The following is the statement:

DECEMBER REPORT OF COTTON CONSUMED, ON HAND, IMPORTED AND EXPORTED, AND ACTIVE COTTON SPINDLES

(Cotton in running bales, counting round as half bales, except foreign which is in 500-pound bales.)

		Cotton consumed during		Cotton on hand December 31		
	Year	December (bales)	5 mos. ending Dec. 31 (bales)	In consuming establishments (bales)	In public storage and at compresses (bales)	Cotton spindles active during December (number)
United States	1941	*887,326	4,440,454	2,393,782	13,713,773	23,063,112
	1940	777,482	3,578,607	1,837,091	15,050,823	22,799,060
Cotton-growing States	1941	753,623	3,771,145	1,965,122	13,326,808	17,404,194
	1940	666,920	3,065,710	1,538,279	14,799,340	17,261,044
New England States	1941	108,423	528,499	360,073	367,702	5,009,228
	1940	89,126	415,494	254,642	242,710	4,919,860
All other States	1941	25,280	140,810	68,587	19,263	649,690
	1940	21,436	97,403	44,170	8,773	618,156
INCLUDED ABOVE						
Foreign cotton	1941	17,061	78,811	94,903	56,092	
	1940	9,687	49,886	60,884	33,143	
Amer.-Egyptian cotton	1941	3,647	14,897	14,168	9,530	
	1940	1,928	9,446	11,112	7,490	
NOT INCLUDED ABOVE						
Linters	1941	110,612	622,291	526,647	115,094	
	1940	104,462	507,804	500,529	76,269	

*December consumption of cotton includes 1,200 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

Imports And Exports Of Cotton And Linters

In the interest of national defense the Department of Commerce has decided to discontinue until further notice the publication of detailed statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 16 a summary for the week ended Jan. 10, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Jan. 10, 1942—	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	20,507
Number of shares	511,524
Dollar value	17,654,001
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	447
Customers' other sales*	14,790
Customers' total sales	15,237
Number of Shares:	
Customers' short sales	13,693
Customers' other sales*	347,510
Customers' total sales	361,203
Dollar value	12,238,513
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	140
Other sales†	86,270
Total sales	86,410
Round-lot Purchases by Dealers—	
Number of shares	169,930

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Market Transactions In Govts. For Dec.

Market transactions in Government securities for Treasury investment accounts in December, 1941, resulted in net purchases of $60,004,000, Secretary Morgenthau announced on Jan. 15. There were no sales or purchases in November.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—		
January	$9,475,000	sold
February	20,801,000	sold
March	5,700,000	sold
April	1,636,100	sold
May	387,200	purchased
June	934,000	purchased
July	No sales or purchases	
August	No sales or purchases	
September	$300,000	sold
October	4,400,000	sold
November	284,000	sold
December	1,139,000	sold
1941—		
January	$2,785,000	purchased
February	11,950,000	purchased
March	No sales or purchases	
April	$743,350	sold
May	200,000	sold
June	447,000	purchased
July	No sales or purchases	
August	No sales or purchases	
September	$2,500	sold
October	200,000	sold
November	No sales or purchases	
December	$60,004,000	purchased

St. Louis Reserve Bank Net

Chester C. Davis, President of the Federal Reserve Bank of St. Louis, announced on Jan. 6 that current earnings of the bank during 1941 amounted to $1,965,000 while current expenses were $1,609,000, leaving current net earnings of $356,000. His statement continued:

> Addition to current net earnings amounted to $60,000 and consisted principally of profits from sales of United States Government securities. Deductions from current net earnings amounted to $120,000, being for the most part depreciation on bank premises.
>
> The net earnings for the year were $296,000. They were distributed as follows: Dividends to member banks $259,000 and net addition to surplus accounts $37,000.

N. Y. State Factories Making War Materials Hire Additional Workers; Payrolls Higher

Defense plants in New York State continued to hire additional workers between the middle of November and the middle of December, according to a statement issued on Jan. 10 by Industrial Commissioner Frieda S. Miller. Outside of the defense plants, the trend of factory employment in the State was slightly downward. Eight of the 11 main industry groups and 36 of the 55 individual industry classifications showed fewer workers employed in December than in November. Payrolls in most industries were a little higher in December than in November. Commissioner Miller's statement added:

> These statements are based on preliminary tabulations covering reports from 2,140 representative manufacturing concerns in the State. These firms employed 550,750 people during the week ending nearest the 15th of December and paid them $19,790,347 in salaries and wages for that week. Index numbers for December compiled by the Division of Statistics and Information, under the direction of Dr. E. B. Patton, were 126.8 for employment and 156.2 for payrolls compared with 100.0 for the base period 1925-1927. These figures represent increases over November of 0.3% in employment and 3.5% in payrolls. Compared with December, 1940, employment had risen 22.4% and payrolls 44.5%.
>
> The only plants that were hiring large numbers of workers between November and December were in the metals industries. Hundreds of additional employees were hired for the manufacture of firearms, ships tanks, instruments, airplanes, electrical machinery and other war materials. A few firms smelting and refining metals and some making nondefense materials from metals reported fewer employees and lower payrolls in December than in November. These reductions were not explained by the firms but may have been due to either shortage of raw materials or reduced production schedules.

Payrolls Higher In All Districts

December reports for the principal industrial centers of the State reveal increases in employment in the Utica, Rochester and Albany-Schenectady-Troy areas. Big increases at plants making war materials occurred in all of these districts. The Buffalo area showed a net increase in payrolls due to gains at plants making airplanes, nonferrous metals, ships and other war materials. Employment in the district fell off a little, due chiefly to lay-offs in the steel and heating apparatus industries. The Syracuse and Binghamton-Endicott-Johnson City areas showed little net change in employment but payrolls in both districts were higher in December. Metal industries contributed most of the payroll increases. Even in the New York City district, where metal industries ordinarily are subordinate to the clothing trades, gains in employment at airplane factories and at plants making instruments for war equipment more than equalled the seasonal losses at fur and clothing concerns.

	Nov. to Dec. '41 % Change		Dec. '40 to Dec. '41 % Change	
City	Empl.	Payr.	Empl.	Payr.
Utica	+1.3	+3.9	+28.5	+65.9
Rochester	+1.1	+3.7	+22.4	+46.4
Albany-Schenectady-Troy	+1.0	+4.5	+36.0	+60.4
Syracuse	+0.4	+1.6	+21.7	+44.0
New York City	+0.2	+4.0	+17.7	+32.3
Binghamton-Endicott-Johnson City	+0.1	+2.2	+11.4	+44.8
Buffalo	—0.3	+3.9	+22.1	+43.9

Commercial National Bank 1941 Earnings

Gross earnings of the Commercial National Bank & Trust Co., New York City, in 1941 were $2,562,235, while net earnings, after deducting expenses, taxes and deposit insurance, were $907,357, according to the annual report of Herbert P. Howell, Chairman of the Board, and Walter G. Kimball, President, which was presented to shareholders at the bank's annual meeting on Jan. 13. The report said that there are no indicated losses in the bank's assets. As to the bank's condition the report stated:

> The statement of your bank at Dec. 31, 1941, shows deposits at the year end of $160,709,500 compared with $148,033,218 at the close of 1940. Cash on hand, in Federal Reserve bank and due from banks and bankers was $65,981,080 as compared with $70,144,090. Included in this item is the reserve which the bank is required to keep on deposit with the Federal Reserve Bank of New York, which under present regulations represents 26% of demand deposits and 6% of time deposits, the rates having increased, respectively, since Nov. 1, 1941, from 22¾% and 5%.
>
> U. S. Government securities of $70,457,549 at the year end compared with $53,931,784 held on Dec. 31, 1940. Of our portfolio 28.7% mature in five years, 16.5% in six to 10 years, and 54.8% in 11 to 15 years.
>
> Loans and Discounts totaled $36,281,004 at the close of the year as compared with $34,058,811.
>
> Our earnings for the year, exclusive of recoveries, are as follows:
>
> | | |
> |---|---|
> | Gross earnings | $2,562,235.90 |
> | Less expenses, tax., & deposit insur. | 1,654,878.52 |
> | Net earn. ($12.96 per share) | $ 907,357.38 |
>
> Profits on securities sold included in gross earnings are $137,662. Additional profits on securities sold of $816,843, which were not included in gross earnings, were applied as follows:
>
> $772,478 applied to cost of securities.
>
> $44,368 held in a deferred profits account.
>
> After the payment of dividends of $560,000, undivided profits increased to $2,094,264 from $1,746,907. Unallocated reserve for contingencies was $1,776,938 as compared with $1,642,268.

In conclusion, the report had the following to say:

> Our nation is at war. The primary responsibility of management of every American business institution is to contribute to the fullest extent to its successful prosecution. The economy will be greatly stimulated through high production activity and increasing governmental expenditures. In the public interest, there will be additional governmental regulation and control and management will face new and unusual problems. Judgment will be required without the guidance of historical or traditional background, but American business will accept this challenge with courage and full confidence in ultimate victory. Your bank is prepared to do its part in this emergency.

Bankers Dollar Acceptances Outstanding On December 31 Total $194,220,000

The volume of bankers' dollar acceptances outstanding increased $630,000 during December to $194,220,000 on Dec. 31, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York issued Jan. 15. As compared with a year ago, the Dec. 31 total is $14,439,000 below Dec. 31, 1940, when the acceptances outstanding amounted to $208,659,000.

The increase in the month-to-month analysis was caused by gains in credits for imports and exports, while in the year-to-year comparison credits for imports, domestic shipments and domestic warehouse were higher.

The Reserve Bank's report for Dec. 31 follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Dec. 31, 1941	Nov. 29, 1941	Dec. 31, 1940
1 Boston	$25,004,,000	$22,031,000	$22,704,000
2 New York	122,496,000	124,414,000	143,729,000
3 Philadelphia	9,924,000	10,448,000	11,010,000
4 Cleveland	3,317,000	2,951,000	2,532,000
5 Richmond	1,362,000	1,636,000	1,248,000
6 Atlanta	2,379,000	1,430,000	1,952,000
7 Chicago	4,767,000	4,585,000	5,399,000
8 St. Louis	665,000	744,000	675,000
9 Minneapolis	115,000	168,000	912,000
10 Kansas City	------	------	------
11 Dallas	2,755,000	2,806,000	53,000
12 San Francisco	21,436,000	22,377,000	18,445,000
Grand Total	$194,220,000	$193,590,000	$208,659,000

Increase for month $630,000. Decrease for year $14,439,000.

ACCORDING TO NATURE OF CREDIT

	Dec. 31, 1941	Nov. 29, 1941	Dec. 31, 1940
Imports	$116,496,000	$115,699,000	$109,206,000
Exports	14,639,000	13,544,000	18,143,000
Domestic shipments	11,708,000	11,894,000	9,579,000
Domestic warehouse credits	35,967,000	36,095,000	34,388,000
Dollar exchange	4,006,000	4,506,000	9,882,000
Based on goods stored in or shipped between foreign countries	11,404,000	11,852,000	27,461,000

BILLS HELD BY ACCEPTING BANKS

Own bills $91,701,000 Bills of others $54,018,000 Total $145,719,000
Increase for month, $1,832,000

CURRENT MARKET RATES ON PRIME BANKERS' ACCEPTANCES, JAN. 15, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Jan. 31, 1939:

1939—			1940—			1941—		
Jan.	31	$255,402,175	Jan.	31	$229,230,000	Jan.	31	$212,777,000
Feb.	28	248,095,184	Feb.	29	233,015,000	Feb.	28	211,865,000
Mar.	31	245,016,075	Mar.	30	229,705,000	Mar.	31	217,312,000
Apr.	29	237,831,575	Apr.	30	223,305,000	Apr.	30	219,561,000
May	31	246,574,727	May	31	213,685,000	May	31	215,005,000
June	30	244,530,440	June	29	206,149,000	June	30	212,932,000
July	31	236,010,050	July	31	188,350,000	July	31	209,899,000
Aug.	31	235,034,177	Aug.	31	181,813,000	Aug.	30	197,472,000
Sept.	30	215,881,724	Sept.	30	176,614,000	Sept.	30	176,801,000
Oct.	31	221,115,945	Oct	31	186,789,000	Oct.	31	184,806,000
Nov.	30	222,599,000	Nov.	30	196,683,000	Nov.	29	193,590,000
Dec.	30	232,644,000	Dec.	31	208,659,000	Dec.	31	194,220,000

Board Named To Settle Ship Labor Disputes

Appointment of Dr. John R. Steelman of the Department of Labor, Captain Edward Macaulay of the United States Maritime Commission and Dr. Frank P. Graham, President of the University of North Carolina, as members of the new Maritime War Emergency Board was announced on Jan. 4 by Rear Admiral Emory S. Land, Chairman of the Maritime Commission. In advices Jan. 5 from Washington to the New York "Times" it was stated:

> The Board, which is set up as the result of a petition to the President by the Maritime Labor Conference on Dec. 19, is empowered by agreement reached by employers and employes in the American merchant marine to settle differences that may arise between sea-going personnel and operators of American merchant ships. It is also to establish war areas and determine a proper uniform basis for payment of war-risk insurance on the lives of crew members and war bonuses to be paid to crews on ships operating in the war areas.

The Maritime Labor Conference between employers and employes, which was called jointly by the Maritime Commission and the Department of Labor, in addition to asking the President to appoint the board, agreed there would be no strikes or lockouts during the war period, that all rights guaranteed to labor and industry under collective bargaining will be retained and all agreements and obligations in existence will in no way be violated.

NY Community Trust Ups Payment In 1941

Philanthropic appropriations made by The New York Community Trust in 1941 rose to $398,504, exceeding by 75% the $222,964 paid out in 1940, it was announced on Jan. 12. The Trust's cumulative charitable grants since 1925 total $2,957,000.

From 57 charitable funds now comprising the Community Trust, outpayments in 1941 went to beneficiaries in 16 states. The largest amount, $65,368, went to the Salvation Army which used approximately 35% of it in subsidizing the furnishing of approximately 500,000 meals at less than cost. Through the American Red Cross, the Trust paid $50,000 to the Women's Voluntary Services in London to assist girls in the bombed areas of Britain. The third largest grant, $42,253, was made in support of visiting nurse service in New York and Brooklyn. Payments to the Community Service Society were $23,298; to the Hebrew University in Palestine, $16,369; and to the United Hospital Fund, $15,942.

Lend-Lease to Uruguay

A lend-lease agreement between the United States and Uruguay was signed in Washington on Jan. 13. Under the pact the South American republic will receive military and naval supplies from the United States. The nature and amount of the supplies was not revealed. Secretary of State Cordell Hull and Uruguayan Ambassador Juan Carlos Blanco signed the agreement.

Ransom Is Renamed To Federal Reserve Board

Ronald Ransom of Georgia was nominated by President Roosevelt on Jan. 7 for reappointment as a member of the Board of Governors of the Federal Reserve System for a 14-year term beginning Feb. 1.

Grace National Bank Shows Gains In 1941

At the annual meeting of the stockholders of the Grace National Bank of New York, held on Jan. 13, Chester R. Dewey, President of the Bank, explained that during the year 1941 all departments of the bank experienced the greatest growth in its history. The bank's deposits increased during the year from $43,858,880 to $50,693,014. Mr. Dewey announced that the earnings of the foreign department of the bank almost doubled and the earnings from the trust and clearance departments substantially increased as did the income from loans and investments.

He also stated that the development of closer relations with Latin America contributed importantly to the business of the bank "not only because of the special attention we paid to business with that area, but also because we were able to reap the benefit of long years of association of the Grace organization with Latin American affairs."

"Since our business has been increasing" said Mr. Dewey, "during the latter months of the year and reached its peak in December, there is reason to feel that the upward trend may be carried forward through 1942." Mr. Dewey added:

> Our operating income for 1941 amounted to $165,492 or $11.03 per share, as compared with $102,039 or $6.80 per share in 1940. These results are after substantially increased payments for deposit insurance, which amounted to $2.49 per share, and Federal and State income taxes of $1.51 per share. After taking into account profits on sales of securities, charge-offs on loans and recoveries, the net result of all operations for the year was $242,018 or $16.13 per share, as compared with $146,225 or $9.76 per share in 1940. The profits on sales of securities are not carried into our operating earnings but instead are reflected in our reserve accounts.
>
> During the latter months of the year we increased substantially our investment in Government bonds, but the improved yields which were then obtainable were not effective for a long enough period of time to change the downward trend of yield on total loans and investments for the year.

At the meeting, Clark Haynes Minor, President of the International General Electric Co. and a Director of the General Electric Co., was elected a director of the bank.

L. A. Steinhardt Named U. S. Envoy To Turkey

Laurence A. Steinhardt, United States Ambassador to Russia, was nominated by President Roosevelt on Jan. 7 to be Ambassador to Turkey. He was named to succeed John V. A. MacMurray, whose resignation the President accepted in order to avail himself of Mr. MacMurray's service in Washington in view of his long experience in the Far East and the Near East. Both men are at present in the United States. Mr. Steinhardt has held the Soviet post since March, 1939, when he succeeded Joseph E. Davies. Prior to that time he was Minister to Sweden, 1933-37 and Ambassador to Peru 1937-39.

The Senate on Jan. 12 confirmed this nomination.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1941—Week Ended—					
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,459	86	88
Jan. 10	162,493	166,095	527,514	101	--

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders

New Crude Oil Production Record Established In November—Crude Runs To Stills Decline

Daily average crude-oil production again established a new record, it is reported by the Bureau of Mines, U. S. Department of the Interior. The total output in November was 123,355,000 barrels, the daily average of 4,111,800 barrels being 42,600 barrels higher than in October. The Bureau's report further states:

The major part of the increase in output in November was in Texas, where every major area showed a gain. The Texas Gulf Coast reached a new record of 405,900 barrels daily, the first time the 400,000-barrel mark has been exceeded. Mississippi and Coastal Louisiana set new records but Illinois was down to just above 400,000 barrels daily.

The gain in daily average crude-oil production in November, coupled with a decline in crude runs, reacted to reduce the withdrawal from refinable stocks of crude oil from around 2,400,000 barrels in October to virtually nothing in November.

Refined Products

Daily average crude runs to stills declined for the first time since March; the November average was 4,051,000 barrels, compared with 4,089,000 barrels in October. The chief occurrence in yields of products in November was a gain of 1% in gasoline, the average of 45.2% for November being the highest since November, 1939.

The prohibition against the publication of import and export figures in any form is still effective, hence no demand figures are given in this report. However, it may be calculated that the total demand for motor fuel for November, 1941, was about 56,900,000 barrels, or 11% above a year ago. This was nearly a "normal" gain, reflecting principally the lifting of restrictions in the eastern States. The high production rate for motor fuel resulted in an increase of nearly 5,000,000 barrels in inventories, and total stocks were 87,278,000 barrels on Nov. 30, or about 7,750,000 barrels above a year ago.

Indications are that a material decline in the demand for distillate fuel oil on the East Coast in November, 1941, as compared with a year ago was compensated by gains in the rest of the country. Also a gain of about 15% in the demand for heavy fuel oil in the East Coast was matched by a similar gain elsewhere.

According to the Bureau of Labor Statistics, the price index for petroleum and products in November, 1941, was 60.4, compared wtih 61.7 in October and 49.3 in November, 1940.

The crude-oil capacity represented by the data in this report was 4,590,000 barrels, hence the operating ratio was 88%, compared with 89% in October and 82% in November, 1940.

SUPPLY AND DEMAND OF ALL OILS
(Thousands of barrels)

	November, 1941	October, 1941	November, ‡1940	January-November 1941	January-November ‡1940
NEW SUPPLY					
Domestic production:					
Crude petroleum	123,355	126,145	107,137	1,275,889	1,242,442
Daily average	4,112	4,069	3,571	3,820	3,709
Natural gasoline	5,994	5,952	4,879	58,122	50,712
Benzol	287	296	283	3,146	2,868
Total production	129,636	132,393	112,299	1,337,157	1,296,022
Daily average	4,321	4,271	3,743	4,003	3,869
Imports:					
Crude petroleum	*	4,705	3,932	*	37,929
Refined products	*	*	3,016	*	36,870
Total new supply, all oils	*	*	119,247	*	1,370,821
Daily average	*	*	3,975	*	4,092
Decrease in stocks, all oils	2,066	3,962	†6,877	†12,403	41,626
DEMAND					
Total demand	*	*	126,124	*	1,329,195
Daily average	*	*	4,204	*	3,968
Exports:					
Crude petroleum	*	2,840	3,805	*	49,422
Refined products	*	*	6,090	*	74,053
Domestic demand:					
Motor fuel	*	*	49,113	*	543,038
Kerosene	*	*	6,768	*	60,968
Distillate fuel oil	*	*	16,848	*	141,149
Residual fuel oil	*	*	29,980	*	305,885
Lubricating oil	*	*	2,449	*	22,815
Wax	*	*	110	*	1,162
Coke	*	*	498	*	6,331
Asphalt	*	*	1,783	*	26,869
Road oil	439	750	298	8,740	7,680
Still gas	6,410	6,774	5,937	70,597	69,928
Miscellaneous	*	*	188	*	2,192
Losses	*	2,988	2,257	*	17,703
Total domestic demand	*	*	116,229	*	1,205,720
Daily average	*	*	3,874	*	3,599
STOCKS					
Crude petroleum:					
Refinable in U. S.	243,679	243,735	263,803	243,679	263,803
Heavy in California	10,203	9,869	12,257	10,203	12,257
Natural gasoline	4,557	4,870	6,102	4,557	6,102
Refined products	291,805	289,704	285,302	291,805	285,302
Total, all oils	550,244	548,178	567,464	550,244	567,464
Days' supply	*	*	135	*	143

*Not available. †Decrease. ‡Final figures.

PRODUCTION OF CRUDE PETROLEUM BY STATES AND PRINCIPAL FIELDS
(Thousands of barrels)

	November, 1941 Total	November, 1941 Daily av.	Oct., 1941 Daily av.	*Nov., 1940	January-November 1941	January-November *1940
Arkansas	2,164	72.1	71.6	2,066	24,023	23,622
California:						
Kettleman Hills	1,160	38.7	38.6	1,170	12,907	15,523
Long Beach	1,165	38.8	38.4	1,268	13,504	14,715
Wilmington	2,628	87.6	87.3	2,414	28,011	27,689
Rest of State	14,564	485.5	486.9	13,379	156,251	147,220
Total California	19,517	650.6	651.2	18,231	210,673	205,147
Colorado	191	6.3	6.0	142	1,686	1,499
Illinois	12,116	403.9	422.7	10,229	121,806	137,094
Indiana	489	16.3	17.2	609	6,056	4,397
Kansas	7,455	248.5	251.6	5,622	75,304	60,207
Kentucky	356	11.8	12.8	424	4,368	4,760
Louisiana:						
Gulf Coast	8,204	273.5	261.9	6,587	81,872	72,335
Rodessa	404	13.4	13.0	511	4,821	6,356
Rest of State	1,718	57.3	56.8	1,510	18,445	15,940
Total Lousiana	10,326	344.2	331.7	8,608	105,138	94,631
Michigan	1,707	56.9	59.5	1,316	14,602	18,452
Mississippi	2,240	74.7	62.3	448	13,129	3,884
Montana	648	21.6	22.1	547	6,843	6,144
New Mexicoo	3,385	112.8	111.0	3,048	35,891	36,005
New York	414	13.8	15.0	379	4,717	4,602
Ohio	276	9.2	9.7	248	3,032	2,880
Oklahoma:						
Oklahoma City	2,591	86.4	84.2	2,990	30,554	35,029
Seminole	3,106	103.5	100.9	3,064	34,707	37,763
Rest of State	7,061	235.4	234.3	6,391	76,241	70,406
Total Oklahoma	12,758	425.3	419.4	12,445	141,502	143,198
Pennsylvania	1,370	45.7	48.4	1,319	15,223	15,909
Texas:						
Gulf Coast	12,179	405.9	394.3	9,590	122,341	111,908
West Texas	8,721	290.7	273.8	6,682	83,646	77,981
East Texas	11,420	380.7	371.2	11,042	120,646	129,963
Panhandle	2,545	84.8	81.5	1,974	25,129	24,345
Rodessa	329	11.0	10.9	426	4,393	6,130
Rest of State	9,981	332.7	327.5	9,314	103,929	102,871
Total Texas	45,175	1,505.8	1,459.2	39,028	460,084	453,198
West Virginia	270	9.0	10.0	264	3,131	3,163
Wyoming:						
Lance Creek	672	22.4	21.4	730	8,158	8,323
Salt Creek	404	13.5	14.9	410	4,730	4,755
Rest of State	1,272	42.4	45.3	928	14,258	10,313
Total Wyoming	2,348	78.3	82.1	2,068	27,146	23,391
Other	‡150	5.0	5.7	96	1,535	259
Total United States	123,355	4,111.8	4,069.2	107,137	1,275,889	1,242,442

*Final figures. ‡Includes Missouri (4), Nebraska (145), Tennessee (1), and Utah (-).

Auction Sales

Transacted by R. L. Day & Co., Boston, on Wednesday, Jan. 7:

Shares	STOCKS	$ per Share
10	Merchants Acceptance Corp., class A, Springfield	7
1	Boston Athenaeum (par $300)	190

Transacted by R. L. Day & Co., Boston, on Wednesday, Jan. 14:

Shares	STOCKS	$ per Share
27	Knitted Padding Co.	15¼
5	Fall River Electric Light Co. (par $25)	48
	BONDS	
$1,000	Lynn Realty Trust 5s, May, 1953	5 flat
1,000	Lincoln Building Corp. 5½s, August, 1963,, reg. 50% paid with stock	66 flat

S. Sloan Colt Reports Bankers Trust Co. 1941 Earnings Down Due To Heavier Taxes

S. Sloan Colt, President of Bankers Trust Company of New York, reported to stockholders at their annual meeting on Jan. 8, that the bank's gross operating income for the year amounted to $19,468,518 in contrast with $18,559,301 earned in 1940. Total expenses, however, increased by $1,340,897 over the year 1940, of which $1,023,197 was due to larger taxes and Federal Deposit Insurance Corporation assessments. Because of this heavier tax burden, Mr. Colt explained, net operating earnings for the past year declined to $7,937,486 compared with $8,399,166 in 1940. These earnings were equivalent to $3.19 per share on the 2,500,000 shares of the bank's capital stock compared with $3.36 per share earned in the previous year.

After providing for dividends of $5,000,000, the balance in the undivided profits account showed an increase of $2,790,220, bringing total capital funds to $111,203,466. Undivided profits of $36,203,466 on Dec. 31, 1941 compared with $33,413,247 at the end of 1940. An increase of $63,685,023 in loans during the year, Mr. Colt said, was largely due to loans directly and indirectly connected with defense and related activities.

Gross deposits at the end of the year, including $172,420,270 in the Government "War Loan" Account, amounted to $1,375,481,863, as compared with $1,460,558,560 on Dec. 31, 1940. This decline in deposits, Mr. Colt explained, was chiefly due to withdrawals by correspondent banks to meet their increased use of funds and additional reserve requirements of the Federal Reserve System, and to subscriptions by depositors to United States Tax Anticipation Notes and Defense Savings Bonds.

The bank's general reserve account showed a net increase of $1,317,561 for the year, of which $633,372 represented net profits on securities in the investment account. As of Dec. 31, the general reserve account amounted to $15,714,928 and this has been reflected on the published statement of condition as a reduction of assets.

U. S. Government securities of $585,614,943 in the investment account at the end of the year represented the following percentages of deposits: maturing in less than five years—22.85%; five to ten years—15.65%; over ten years—4.69%.

Mr. Colt told stockholders that the entire organization of Bankers Trust Co. had been geared to work with government and industry in the present emergency and that the bank would spare no effort to make this cooperation increasingly effective.

Corn Exchange Bank Trust Co. Earnings

Net income of the Corn Exchange Bank Trust Co., New York City, in 1941 was $2,239,089, according to the anual report to stockholders, made jointly by Dunham B. Sherer, Chairman, and Ralph Peters, Jr., President. The income statement for the year ending Dec. 31, 1941, lists net earnings from operation, after providing for expenses and taxes, at $2,004,097, which includes recoveries of $389,868. To this amount is added $2,264,730 of net profits from sales of securities, less taxes thereon, making a total of $4,268,827. From this is subtracted $2,029,738 credited to reserve accounts, leaving the net income $2,239,089.

After payment of dividends of $2,137,500 for the year, there remained $101,589 which was added to undivided profits. Thus on Dec. 31, 1941 undivided proffts amounted to $5,458,151, which compares with $5,356,562 on Dec. 31, 1940.

At the annual stockholder's meeting Jan. 13, Mr. Sherer said that all branches of the company were showing a profit at present. As to dividend declarations for 1942 he declared that while the bank was not able to make promises "we are quite optimistic." He "believed" that the 60 cents quarterly dividend rate now in force will be maintained.

1941 Cotton Loans

The Department of Agriculture reported on Jan. 7 that Commodity Credit Corporation had made 956,122 loans on 1,809,160 bales of 1941 crop cotton through Jan. 3, 1942. Of the total, 99,314 loans on 357,433 bales were made by cooperative associations.

D. J. Winton Named New Zealand Minister

President Roosevelt recently sent to the Senate the nomination of David J. Winton of Minnesota to be the first American Minister to New Zealand. Mr. Winton is Vice-President of the Winton Lumber Co. of Minneapolis.

Says Controls Stop Excessive Speculation

The special wartime controls put into effect in the agricultural futures markets during 1941 at the recommendation of the U. S. Department of Agriculture have played an important part in averting excessive speculation and major price disturbances in agricultural commodities, J. M. Mehl, Chief of the Commodity Exchange Administration said on Jan. 16.

In his annual report covering the fiscal year July, 1940-June, 1941, to the Secretary of Agriculture, Mr. Mehl says extra work and improved controls in the markets for commodities important to the defense effort together with increased margins on speculative transactions helped to cushion the shock of wartime impacts and keep price ranges relatively moderate.

Fortunately from the standpoint of market stability, the report says, Congress added cottonseed oil, soybeans, lard, and other important commodities to the supervised list late in 1940. This enabled the Commodity Exchange Administration to set up market controls and safeguards against excessive speculation in vital defense commodities similar to those already maintained under earlier legislation for grains, cotton, and other products.

As an additional defense measure, the customary checks by CEA on the positions of large traders were extended to include a detailed examination of the positions of all traders in commodities such as cottonseed oil and soybeans which were threatened by scarcity conditions and the influx of irresponsible speculators and disorderly market conditions. This work was given precedence because of its importance both to CEA and the Office of Price Administration.

To help meet the problems growing out of war and also to make adjustments necessitated by changing conditions in agricultural marketing, the report states, "the Administration sought the active cooperation of the exchanges, of processing and trade interests, and the farm organizations. It has acted on the assumption that the futures markets with proper safeguards and improved controls will remain open and render continued hedging and risk-bearing services during the emergency and in the period after the war."

Commenting on the report and the condition of the markets since the outbreak of war, Mr. Mehl said:

> The work which was done before Pearl Harbor to adjust the markets to defense needs has been compensated in substantial degree by the way the markets have withstood the impact of actual warfare, and the relatively moderate price ranges which have prevailed in most commodities. To a considerable extent the excessive speculation and wide up-and-down price movements which prevailed in some commodities in the spring of 1917 have so far been avoided. There must be no relaxation of vigilance in preventing excessive speculation and erratic price movements.

Corn Loan Repayments

The U. S. Department of Agriculture reported on Jan. 6 that 95,166 loans made by Commodity Credit Corporation, representing 100,371,806 bushels of 1940 corn and 1938-39 resealed corn, were repaid from Jan. 1, 1941 through Dec. 27, 1941.

Repayments were made on 59,665,186 bushels pledged under loan in 1938-39 and resealed under farm storage, and on 40,706,620 bushels of 1940 corn. There remained outstanding a total of 165,157 loans on 190,990,268 bushels.

North American Prices Up — Hold Elsewhere

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Jan. 19 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*Sweden*	*Switzerland*	*United States*
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	157	138	127	123	156	196	138
September	r140	122	145	r157	138	r130	r123	156	203	143
October	140	123	143	r158	139	132	126	156	207	r140
November	r142	124	143	158	141	133	124	157	209	141
December	141	122	143	160	---	138	123	157	---	145
1941—										
Weeks end.:										
Dec. 6	141	122	143	r159	*141	137	124	157	209	142
Dec. 13	r137	122	143	r160	---	139	123	157	*209	144
Dec. 20	r148	122	r144	*160	---	r139	123	157	---	147
Dec. 27	r142	123	144	*160	---	139	123	157	---	147
1942—										
Jan. 3	142	123	144	*160	---	140	123	157	---	148
Jan. 10	*142	123	146	*160	---	141	123	157	---	150

* Preliminary. r Revised

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Siilver, p. oz. d.	Closed	23½d	23½d	23½d	23½d	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols, 2½%	Closed	£82¾	£82⅞	£82⅞	£82¾	£82¾
British 3½% W. L.	Closed	£105 3/16	£105¼	£105¼	£105¼	£105 3/16
British 4% 1960-90	Closed	£115	£115⅛	£115⅛	£115⅛	£115⅛

The price of silver per oz. (in cents) in the United States on the same day has been:

Bar N. Y. (Foreign)	35⅛	35⅛	35⅛	35⅛	35⅛	35⅛
U. S. Treasury (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Saturday Jan. 10	Monday Jan. 12	Tuesday Jan. 13	Wednesday Jan. 14	Thursday Jan. 15	Friday Jan. 16
Boots Pure Drugs		36/3	36/6	36/9	36/9	36/9
British Amer. Tobacco		85/-	85/-	85/6	85/-	84/6
*Cable & W. ord.		£65	£68½	£68¼	£68½	£68½
Central Min. & Invest.		£13⅜	£13⅜	£13⅜	£13¼	£13⅜
Cons. Goldfields of S. A.		41/3	41/3	41/3	41/3	41/3
Courtaulds (S.) & Co.		35/9	35/6	35/9	35/9	35/6
De Beers		£8⅞	£9	£9	£8⅞	£8⅞
Distillers Co.		76/-	75/9	75/6	75/6	75/3
Electric & Musical Ind.		15/-	15/-	14/9	14/9	14/9
Ford Ltd.		25/3	25/3	25/6	25/6	25/6
Hudsons Bay Company	Closed	25/-	26/3	26/-	26/-	26/-
Imp. Tob. of G. B. & I.		133/3	133/-	132/6	133/-	133/-
*London Mid. Ry.		£18	£17⅞	£17⅞	£17⅝	£17½
Metal Box		76/-	76/-	76/-	76/-	76/-
Rand Mines		£6⅞	£6⅞	£6⅞	£6⅞	£6⅞
Rio Tinto		£7¾	£7¾	£7¾	£7¾	£7¾
Rolls Royce		88/9	88/-	88/9	89/9	89/9
Shell Transport		†51/3	52/6	52/6	52/1	50/1
United Molasses		31/-	31/6	32/6	31/9	31/6
Vickers		17/3	17/3	17/3	17/3	17/3
West Witwatersrand Areas		£4⅝	£4 11/16	£4⅝	£4⅝	£4⅝

*Per £100 par value. †Ex-dividend.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Jan. 16 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 3, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 3 (in round-lot transactions) totaled 2,427,413 shares, which amount was 13.08% of total transactions on the Exchange of 18,560,800 shares. This compares with member trading during the previous week ended Dec. 27 of 1,665,865 shares, or 10.69% of total trading of 7,794,940 (revised) shares. On the New York Curb Exchange, member trading during the week ended Jan. 2 amounted to 499,690 shares, or 15.42% of the total volume on that Exchange of 3,241,440 shares; during the preceding week trading for the account of Curb members of 379,050 shares was 12.09% of total trading of 1,567,435 shares.

With respect to the figures for the week ended Dec. 13 (see issue of Jan. 1, page 30) the Curb Exchange has reported to the SEC that the odd-lot transactions for the account of specialists should be total purchases, 119,128, instead of 52,578; and total sales, 52,578, in place of 119,128.

The Commission made available the following data for the week ended Jan. 3:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,070	761
1. Reports showing transactions as specialists	194	99
2. Reports showing other transactions initiated on the floor	227	41
3. Reports showing other transactions initiated off the floor	291	110
4. Reports showing no transactions	496	520

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended Jan. 3, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	220,425	
Other sales b	9,059,975	
Total sales	9,280,400	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	694,020	
Short sales	146,110	
Other sales b	572,620	
Total sales	718,730	7.61
2. Other transactions initiated on the floor		
Total purchases	249,810	
Short sales	31,100	
Other sales b	218,620	
Total sales	249,720	2.69
3. Other transactions initiated off the floor		
Total purchases	272,600	
Short sales	25,730	
Other sales b	216,803	
Total sales	242,533	2.78
4. Total		
Total purchases	1,216,430	
Short sales	202,940	
Other sales b	1,008,043	
Total sales	1,210,983	13.08

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended Jan. 3, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	6,910	
Other sales b	1,613,810	
Total sales	1,620,720	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	156,785	
Short sales	6,110	
Other sales b	183,995	
Total sales	190,105	10.70
2. Other transactions initiated on the floor		
Total purchases	39,835	
Short sales	140	
Other sales b	30,860	
Total sales	31,000	2.19
3. Other transactions initiated off the floor		
Total purchases	45,655	
Short sales	610	
Other sales b	35,700	
Total sales	36,310	2.53
4. Total		
Total purchases	242,275	
Short sales	6,860	
Other sales b	250,555	
Total sales	257,415	15.42
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	20	
Customers' other sales c	128,697	
Total purchases	128,717	
Total sales	49,754	

---

* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Revenue Freight Car Loadings During Week Ended Jan. 10 Amounted To 737,172 Cars

Loading of revenue freight for the week ended Jan. 10, totaled 737,172 cars, the Association of American Railroads announced on Jan. 15. The increase above the corresponding week in 1941 was 25,537 cars or 3.6%, and above the same week in 1940 was 68,931 cars or 10.3%.

Loading of revenue freight for the week of Jan. 10, increased 60,638 cars or 9% above the preceding week.

Miscellaneous freight loading totaled 318,291 cars, an increase of 5,747 cars above the preceding week, and an increase of 17,236 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 139,844 cars, an increase of 16,731 cars above the preceding week, but a decrease of 6,872 cars below the corresponding week in 1941.

Coal loading amounted to 166,210 cars, an increase of 27,587 cars above the preceding week, and an increase of 13,858 cars above the corresponding week in 1941.

Grain and grain products loading totaled 35,842 cars, an increase of 3,821 cars above the preceding week, and an increase of 1,421 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of January 10 totaled 21,857 cars, an increase of 2,707 cars above the preceding week, and an increase of 966 cars above the corresponding week in 1941.

Live stock loading amounted to 15,939 cars, an increase of 4,921 cars above the preceding week, and an increase of 2,895 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Jan. 10 totaled 11,940 cars, an increase of 4,097 cars above the preceding week, and an increase of 2,631 cars above the corresponding week in 1941.

Forest products loading totaled 35,031 cars, an increase of 2,371 cars above the preceding week, but a decrease of 2,693 cars below the corresponding week in 1941.

Ore loading amounted to 11,818 cars a decrease of 1,206 cars below the preceding week and a decrease of 794 cars below the corresponding week in 1941.

Coke loading amounted to 14,197 cars, an increase of 666 cars above the preceding week, and an increase of 486 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern, and Southwestern and all districts reported increases over the corresponding week of 1940.

	1942	1941	1940
Week of January 3	*676,534	614,171	592,925
Week of January 10	737,172	711,635	668,241
Total	1,413,706	1,325,806	1,261,166

*Revised.

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 10, 1942. During this period 69 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED JANUARY 10

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	508	533	590	1,152	1,319
Bangor & Aroostook	2,170	1,699	1,983	244	240
Boston & Maine	7,911	7,846	7,615	11,147	10,948
Chicago, Indianapolis & Louisville	1,316	1,359	1,515	1,923	2,237
Central Indiana	26	13	18	41	44
Central Vermont	1,413	1,227	1,296	1,957	1,941
Delaware & Hudson	5,029	5,847	5,438	9,177	8,008
Delaware, Lackawanna & Western	7,780	8,816	10,462	8,032	6,879
Detroit & Mackinac	237	239	248	110	78
Detroit, Toledo & Ironton	2,049	2,858	2,917	1,671	1.299
Detroit & Toledo Shore Line	324	322	297	3,398	3,756
Erie	12,904	13,091	12,245	13,257	12,921
Grand Trunk Western	4,617	5,902	4,864	7,108	8,016
Lehigh & Hudson River	215	176	130	2,487	2.170
Lehigh & New England	1,206	1,849	1,728	1,378	1,378
Lehigh Valley	8,687	9,577	9,216	7,166	7,595
Maine Central	3,178	3,206	3,124	3,190	2,625
Monongahela	5,791	4,600	4,749	449	247
Montour	2,052	2,007	1,931	29	27
New York Central Lines	43,472	43,700	40,172	42,367	43.638
N. Y., N. H. & Hartford	12,069	10,623	9,668	13,802	13,244
New York, Ontario & Western	915	1,095	1,108	1,878	1,673
N. Y., Chicago & St. Louis	5,654	5,837	5,217	12,375	11,751
N. Y., Susquehanna & Western	515	387	451	978	1,538
Pittsburgh & Lake Erie	7,201	7,225	6,101	7,067	6,656
Pere Marquette	4,600	6,019	5,846	5,099	5,940
Pittsburgh & Shawmut	574	608	528	56	32
Pittsburgh, Shawmut & North	340	437	426	231	246
Pittsburgh & West Virginia	837	796	1,213	1,926	1,960
Rutland	516	566	552	960	929
Wabash	5,580	5,819	5,587	9,250	9,729
Wheeling & Lake Erie	4,396	3,888	3,675	3,751	3,554
Total	154,082	158,167	150,910	173,656	172,618
Allegheny District—					
Akron, Canton & Youngstown	558	562	444	919	913
Baltimore & Ohio	35,774	33,611	30,886	18,707	17,388
Bessemer & Lake Erie	2,583	2,890	2,007	1,474	1,873
Buffalo Creek & Gauley	251	288	326	7	5
Cambria & Indiana	1,828	1,772	1,541	16	15
Central R.R. of New Jersey	6,193	6,448	6,948	13,860	12,631
Cornwall	463	486	657	44	72
Cumberland & Pennsylvania	286	288	321	31	39
Ligonier Valley	118	136	182	31	51
Long Island	837	646	513	2,087	2,422
Penn-Reading Seashore Lines	1,691	1,111	1,020	1.516	1.412
Pennsylvania System	72,482	66,848	61,133	47,489	42,843
Reading Co.	15,261	15,202	13,886	19,975	19,522
Union (Pittsburgh)	19.623	20.185	17,511	3,199	3,289
Western Maryland	4,020	3,861	3,703	7,841	7,132
Total	161968	154,334	141,078	117,196	109,607
Pocahontas District—					
Chesapeake & Ohio	23,603	21,709	23,048	8,910	9,062
Norfolk & Western	21,592	20,179	18,982	5,306	5,683
Virginian	5,041	4,449	4,341	2,012	1,265
Total	50.236	46,337	46,371	16,228	16,010
Southern District—					
Alabama, Tennessee & Northern	321	269	189	199	140
Atl. & W. P.—W. R.R. of Ala.	751	768	740	1,966	1,517
Atlanta, Birmingham & Coast	710	727	572	967	1,052
Atlantic Coast Line	10,990	11,709	9,396	6,498	6,192
Central of Georgia	4,066	4,087	3,405	3,189	3,539
Charleston & Western Carolina	385	433	356	1,550	1,579
Clinchfield	1,635	1,448	1,476	2,821	2,761
Columbus & Greenville	202	286	265	281	265
Durham & Southern	184	142	140	607	611
Florida East Coast	1,292	1,015	1,029	1,040	1,140
Gainsville Midland	35	29	23	99	78
Georgia	1,087	1,199	663	2,085	1,733
Georgia & Florida	440	370	278	516	553
Gulf, Mobile & Ohio	2,584	3,560	3,114	2,959	2,621
Illinois Central System	27,508	23,298	22,153	13.389	12,234
Louisville & Nashville	25,823	24,720	24,787	7,404	6,120
Macon, Dublin & Savannah	197	118	155	735	1,083
Mississippi Central	131	131	186	374	367
Nashville, Chattanooga & St. L.	2,725	3,029	2,434	3,238	3,035
Norfolk Southern	949	1,080	847	1,088	1,104
Piedmont Northern	475	453	380	1,510	1,440
Richmond Fred. & Potomac	407	351	265	7,166	5,320
Seaboard Air Line	10,230	9,821	8,710	6,471	5,706
Southern System	22,760	23,315	19,904	18,780	17,303
Tennessee Central	536	491	382	827	696
Winston-Salem Southbound	116	136	143	769	701
Total	117,539	112,985	101,992	86,538	78,890
Northwestern District—					
Chicago & North Western	15,022	15,517	14,814	10,989	10,733
Chicago Great Western	2,472	2,598	2,452	2,907	2,946
Chicago, Milw., St. P. & Pac.	21,053	20,316	19,620	8,341	8,429
Chicago, St. Paul, Minn. & Omaha*	4,557	4,167	4,460	3,097	3,399
Duluth, Missabe & Iron Range	1,283	885	867	302	159
Duluth, South Shore & Atlantic	625	620	570	450	429
Elgin, Joliet & Eastern	9,157	9,391	8,371	9,118	8,475
Ft. Dodge, Des Moines & South	387	399	336	172	150
Great Northern	11,270	9,842	9,659	3,407	2,889
Green Bay & Western	573	589	601	661	640
Lake Superior & Ishpeming	258	255	243	57	68
Minneapolis & St. Louis	1,728	1,661	1,681	2,142	1,851
Minn., St. Paul & S. S. M.	5,644	5,004	5,329	2,623	2,354
Northern Pacific	9,752	9,288	9,734	3,781	3,498
Spokane International	62	96	78	290	211
Spokane, Portland & Seattle	1,622	1,582	1,498	2,086	1,547
Total	85,465	82,210	80,313	50,423	47,778
Central Western District—					
Atch. Top. & Santa Fe System	20,421	18,060	17,204	7,736	6,691
Alton	3,245	3,170	2,690	2,672	2,370
Bingham & Garfield	405	484	373	99	107
Chicago, Burlington & Quincy	17,288	16,597	15,644	9,059	7,764
Chicago & Illinois Midland	2,841	2,656	2,254	772	731
Chicago, Rock Island & Pacific	10,852	11,225	10,774	9,759	9,300
Chicago & Eastern Illinois	2,802	2,893	2,760	2,751	2,718
Colorado & Southern	765	757	840	1,407	1,517
Denver & Rio Grande Western	3,927	3,235	3,244	4,027	2,812
Denver & Salt Lake	778	755	1,026	14	12
Fort Worth & Denver City	998	907	934	953	910
Illinois Terminal	2,130	1,792	1,750	1,458	1,560
Missouri-Illinois	942	845	894	417	418
Nevada Northern	1,872	1,849	1,442	146	116
North Western Pacific	1,021	631	432	451	326
Peoria & Pekin Union	22	30	22	0	0
Southern Pacific (Pacific)	26,295	21,986	20,229	8,531	5,734
Toledo, Peoria & Western	204	452	301	158	1,220
Union Pacific System	16,169	14,495	14,096	10,308	8,657
Utah	618	518	619	8	10
Western Pacific	2,235	1,608	1,300	3,686	2,010
Total	115,830	104,945	98,828	64,412	54,983
Southwestern District—					
Burlington-Rock Island	143	123	140	242	215
Gulf Coast Lines	3,270	3,031	3,378	1,911	1,421
International-Great Northern	1,939	1,793	1,625	2,148	2,003
Kansas, Oklahoma & Gulf	165	203	168	1,160	1,044
Kansas City Southern	2,443	2,330	2,235	2,359	2,040
Louisiana & Arkansas	2,120	2,373	1,730	1,595	1,644
Litchfield & Madison	371	378	396	942	960
Midland Valley	875	736	821	328	208
Missouri & Arkansas	117	88	120	378	377
Missouri-Kansas-Texas Lines	4,204	4,219	3,768	2,912	2,556
Missouri Pacific	16,186	15,627	14,374	10,976	10,211
Quanah Acme & Pacific	96	100	49	166	110
St. Louis-San Francisco	7,849	7,982	7,282	5,429	4,925
St. Louis Southwestern	2,489	2,726	2,203	3,344	2,604
Texas & New Orleans	6,448	6,795	6,856	3,948	3,036
Texas & Pacific	3,221	4,012	3,410	4,785	4,134
Wichita Falls & Southern	101	124	161	32	48
Weatherford M. W. & N. W.	15	17	33	29	371
Total	52,052	52,657	48,749	42,684	37,907

*Correct C. S. P. M. & O. figures week of Jan. 3, 1942 (see "Commercial & Financial Chronicle" of Jan. 14, 1942, page 238) to read: 3,574 cars of revenue freight loaded and 3,051 cars received from connections and add to total Northwest District, 2,160 cars of revenue freight loaded and 1,820 cars received from connections.

Note—Previous year's figures revised.

November Production Of Natural Gasoline Up

The production of natural gasoline and recycle condensate increased in November, 1941, according to reports received by the Bureau of Mines, U. S. Department of the Interior. The daily average in November was 8,392,000 gallons compared with 8,064,000 gallons in October. The chief increases occurred in Louisiana, the Appalachian, and Texas Gulf Districts.

Stocks continued to decrease, amounting to 191,394,000 gallons on Nov. 30, 1941 compared with 204,540,000 gallons on Oct. 31 and 256,284,000 gallons on hand Nov. 30, 1940.

PRODUCTION AND STOCKS OF NATURAL GASOLINE
(Thousands of Gallons)

	Production				Stocks			
					Nov. 30, 1941		Oct. 31, 1941	
	Nov. 1941	Oct. 1941	Jan.-Nov. 1941	Jan.-Nov. 1940	At refineries	At plants & Terminals	At refineries	At plants & Terminals
East Coast	----	----	----	----	6,636	----	5,628	----
Appalachian	9,320	7,890	82,028	73,370	714	4,231	840	3,427
Ill., Mich., Ky.	7,350	6,924	61,077	30,073	4,578	574	5,670	450
Oklahoma	33,097	33,870	348,620	367,443	1,260	23,097	1,092	26,589
Kansas	6,804	6,345	65,538	58,350	84	1,531	126	1,773
Texas	110,129	109,905	1,070,152	844,898	10,416	67,796	6,468	78,780
Louisiana	25,090	23,040	158,197	103,352	126	2,928	84	2,717
Arkansas	3,149	3,300	32,308	29,282	546	503	672	272
Rocky Mountain	8,784	8,609	92,119	84,990	4,116	1,984	5,040	2,078
California	48,025	50,101	531,085	538,146	58,506	1,768	61,068	1,766
Total	251,748	249,984	2,441,124	2,129,904	86,982	104,412	86,688	117,852
Daily average	8,392	8,064	7,309	6,358	----	----	----	----
Total (thousands of barrels)	5,994	5,952	58,122	50,712	2,071	2,486	2,064	2,806
Daily average	200	192	174	166	----	----	----	----

Capital Gains Tax Assailed By Schram

The capital gains tax was criticized as a revenue preventing measure rather than revenue producing by Emil Schram, President of the New York Stock Exchange, on Jan. 12 at a dinner in Chicago attended by members of the Chicago Association of Stock Exchange Firms. Mr. Schram contended that lowering of the tax would increase national revenues and help to pay the cost of the war program. "The volume of the tax revenue is in inverse proportion to the tax rate," he declared.

Chicago advices of Jan. 12 to the New York "Herald Tribune" further reported his remarks as follows:

> "Moreover, such revenue as does arise from the tax is entirely fortuitous and is not susceptible to any fixed calculations for budget purposes," he added. "The inescapable conclusion is that the best way to produce substantial revenue from the capital gains tax is to make the rate low enough so that the tax will not act as a deterrent to the taxpayer's taking of gains."
>
> Mr. Schram said recent studies had shown that when the capital gains tax is high capital gains largely disappear, whereas when the rate is low capital gains rise. This has resulted in lower rates, producing by far the larger revenues, he said.
>
> "Aside from the question of revenue there are many undesirable economic consequences of the present capital gains tax," he said. "Because the tax operates as a serious deterrent to the taking of gains, it likewise operates as a deterrent to the general flow of capital. In effect, the tax imposes a penalty on risk money and thereby renders risk money impotent. Investors cannot switch investments, even though they retain no cash money, without being liable to the tax.
>
> "The result is that investments are largely frozen and diversity is made more difficult from the view point of the investor's portfolio. Most large investors are simply sitting tight, drawing what satisfaction they can from the knowledge of 'paper profits,' but preferring possible eventual loss through price declines to the certainty of immediate loss through capital gains taxation."

Since it is an obstacle to free movement of capital from industry to industry, the capital gains tax is hampering the war program, Mr. Schram noted, at a time when it is essential to spend a large amount of capital for new plans and equipment.

Mr. Schram said he was content to leave the discussion of technical objections to the tax to experts, but asserted that he was convinced that there was a simple solution to the problem.

"The law should be modified so as to segregate completely capital gains and losses from regular income, without regard to the time element, and to impose a lower flat tax or a lower graduated tax upon net capital gains. With a few further refinements, this change would, I am sure, have desirable results," he said.

Curb Seat Retirement

Arrangements have been made by the New York Curb Exchange to purchase and retire the 29th seat under the plan adopted by the membership last July. Present market for the Curb Exchange memberships is $1,000, bid by the Exchange, offered at $2,500.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report stated that the total production of soft coal in the week ended Jan. 10 is esimated at 10,925,000 net tons. This is in comparison with an average output of approximately 10,840,000 tons in the non-holiday weeks of December. Production in the corresponding week of 1941 (Jna. 6-11) amounted to 10,143,000 tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthacite for the week ended Jan. 10 was estimated at 827,000 tons, an increase of 99,000 tons (about 14%) over the preceding week. Output in the corresponding week of 1941 amounted to 1,056,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN NET TONS, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			
	Jan. 10, '42	Jan. 3, '42	Jan. 11, '41	Jan. 12, '29
Bituminous coal *a*—				
Total, including mine fuel	10,925,000	9,800,000	10,143,000	11,884,000
Daily average	1,821,000	1,960,000	1,691,000	1,981,000
Crude petroleum *b*—				
Coal equivalent of weekly output	6,774,000	6,468,000	5,389,000	4,155,000

a Includes for purposes of historical comparison and statistical convenience the production of lignite. *b* Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, page 702).

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week-Ended			Calendar year to date		
Penn. anthracite—	Jan. 10, 1942	Jan. 3, 1942	Jan. 11, 1941	Jan. 10, 1942	Jan. 11, 1941	Jan. 12, 1929
a Total, including colliery fuel	827,000	728,000	1,056,000	939,000	1,420,000	2,602,000
b Comml. production	786,000	692,000	1,003,000	892,000	1,349,000	2,415,000
Beehive Coke—						
U. S. total	135,500	142,600	107,900	206,800	166,400	198,500
Daily average	19,357	20,371	15,414	20,680	15,127	16,542

a Includes washery and dredge coal, and coal shipped by truck from authorized operations. *b* Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Jan. average
State—	Jan. 3, 1942	Dec. 27, 1941	Jan. 4, 1941	Jan. 6, 1940	Jan. 5, 1929	*e*1923
Alaska	4	3	4	2	(*f*)	(*f*)
Alabama	321	237	294	276	355	434
Arkansas and Oklahoma	91	54	80	109	127	93
Colorado	176	157	161	188	243	226
Georgia and North Carolina	1	1	*	1	(*f*)	(*f*)
Illinois	1,183	1,070	1,036	1,158	1.322	2,111
Indiana	436	449	454	400	363	659
Iowa	47	46	60	77	88	140
Kansas and Missouri	178	158	155	194	159	190
Kentucky—Eastern	639	479	619	784	812	607
Western	258	210	192	268	380	240
Maryland	32	33	29	34	54	55
Michigan	6	7	9	15	14	32
Montana	90	69	68	60	72	82
New Mexico	28	23	22	25	49	73
North and South Dakota	73	65	66	71	*f*54	*f*50
Ohio	512	473	433	422	360	814
Pennsylvania bituminous	2,403	2,190	2,297	1,982	2,483	3,402
Tennessee	129	88	111	123	100	133
Texas	8	8	7	15	23	26
Utah	100	80	87	76	133	109
Virginia	346	230	281	289	215	211
Washington	39	28	32	39	49	74
West Virginia—*a*Southern	1,840	1,264	1,562	1,700	1,761	1,134
*b*Northern	708	607	615	512	666	762
Wyoming	152	131	134	112	141	186
*c*Other Western States	*	*	1	*	*f*7	*f*7
Total bituminous coal	9,800	8,160	8,809	8,932	10,030	11,850
*d*Pennsylvania anthracite	728	840	817	1,131	1,138	1,968
Total, all coal	10,528	9,000	9,626	10,063	11,168	13,818

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay Counties. *b* Rest of State, including the Panhandle District and Grant, Mineral, and Tucker Counties. *c* Includes Arizona, California, Idaho, Nevada, and Oregon. *d* Data for Pennsylvania anthracite from published records of the Bureau of Mines. *e* Average weekly rate for entire month. *f* Alaska Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1.000 tons.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on Jan. 16. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Stores Corp., common	20,000	12,271	(1)
5% preferred	1,103	103	(2)
American Chicle Co., common	3,175	3,575	
American-Hawaiian Steamship Co., common	64.200	66.200	
American Hide & Leather Co., 6% preferred	1,700	4,700	
American Ice Co., 6% preferred	20,663	23,965	
Armour & Co. (Del.), 7% preferred	682	1,154	
Associates Investment Co., common	4,500	12,029	
5% cumulated preferred	1,250	1,815	
Atlas Corp., common	179,234	252,638	
6% preferred	7,412	11,912	
Atlas Powder Co., common	11,373	9,108	
Barndall Oil Co., common	13,700	26,900	
Belding Heminway Co., common	45,832	48,432	
Borden Co., The, capital	21,954	21,254	(3)
Brewing Corp. of America, capital	25.000	5,000	(4)
Brown Shoe Co., common	6,000	6,500	
Burlington Mills Corp., common	419	2,987	
Carriers & General Corp., common	1,800	300	(5)
Case (J. I.) Co., common	1,814	1,800	
7% preferred	1,865	2,645	
Century Ribbon Mills, Inc., 7% preferred	165	30	
Chicago Yellow Cab Co., Inc., capital	------	5,722	
Coca-Cola Co. (The), common	------	------	(6)
Collins & Aikman Corp., 5% cumulative conv. preferred	------	450	
Columbia Gas & Electric Corp. 6% preferred A	8.391	7.521	
5% preferred B	1,771	1,646	
Consolidated Oil Corp., common	361,455	------	(7)
Copperweld Steel Co., cumul. conv. preferred, 5% series	1.400	2 000	
Coty ,Inc., common	56,929	63.529	
Crucible Steel Co. of America. 5% convertible preferred	------	5.000	
Cuban-American Sugar Co. (The), 5½% conv. preferred	10.948	12,888	
Davega Stores Corp., common	8.350	8.650	
Detroit Edison Co. (The), common	12.001	11,482	
E. I. du Pont de Nemours & Co., common	16,044	35,651	(8)
Evans Products Co., common	49	------	(9)
Federated Department Stores, Inc., 4¼% conv. preferred	10.800	11.200	
Firestone Tire & Rubber Co. (The), common	312.974	316 474	
6% cumulative A preferred	14,066	16,266	
Florsheim Shoe Co .(The), class A	515	1,115	
Freuhauf Trailer Co., common	4,495	1,352	
5% convertible preferred	843	3,513	(23)
General Motors Corp., common	167,221	196,221	
General Realty & Utilities Corp, $6 preferred	2,266	4,066	
General Telephone Corp., common	4,631	2,631	(9)
Gillette Safety Razor Co., $5 conv. preferred	------	2,173	(10)
Gimbel Brothers, $6 cumulative preferred	8,111	8,211	
Glidden Co. (The), common	5,947	8,447	
4½% convertible preferred	300	400	
Goodyear Tire & Rubber Co. (The), $5 cumul. conv. pref.	7,165	11,865	
Greyhound Corp., The, common	------	46,334	(21)
5½% convertible preferred	4,529	4,532	
Hanna Co. (The M. A.), $5 cumulative preferred	------	50	
Hat Corp. of America, 6½% preferred	645	995	
Household Finance Corp., common	4,187	6,982	
Howe Sound Co., common	21,300	25,600	
Interlake Iron Corp., common	23,951	25,008	
International Mining Corp., common	------	500	
Interstate Department Stores, Inc., 7% preferred	4,408	4,506	
Jones & Laughlin Steel Corp., common	17,535	59,535	(22)
5% preferred A	7,014	23,814	(22)
5% preferred B	7,014	23,814	(22)
Kayser (Julius) & Co., common	102,020	103,120	
Lehman Corp. (The), common	83,507	98,607	
Libbey-Owens-Ford Glass Co., common	4,796	------	(11)
Macy (R. H.) & Co., Inc., capital	5,785	4,503	
Madison Square Garden Corp, capital	5,400	15,025	(12)
Maytag Co. (The), $3 cumulative preferred	10,614	2,114	(13)
Mohawk Carpet Mills, Inc., capital	6,500	8,000	
National Cylinder Gas Co., common	5,853	1,305	(14)
National Department Stores Corp., 6% preferred	66,541	68,201	
Newport Industries, Inc., capital	------	------	(15)
Norfolk & Western Ry. Co., adjust. 4% preferred	2,318	3,103	
Pacific Finance Corp. of California, common	12,060	22,901	
Petroleum Corp. of America, capital	107,300	122,900	
Plymouth Oil Co., common	100	3,100	
Radio Corp. of America, preferred B	------	------	(16)
Real Silk Hosiery Mills, Inc., 7% cumul. preferred	3,892	4,858	
Reliable Stores Corp., common	39,516	42,859	
Republic Steel Corp., 6% cumul. conv. preferred	1,226	483	(24)
Safeway Stores, Inc., 5% cumul. preferred	509	535	
Common	15,018	15,091	
Schenley Distillers Corp., 5½% cumul. preferred	3,101	3,601	
Seaboard Oil Co. of Delaware, capital	9,400	15,300	
Shattuck (Frank G.) Co., common	138,100	140.000	
Sheaffer (W. A.) Pen Co., common	4,161	3,580	
Squibb (E. R.) & Sons, common	------	45,504	(17)
Sterling Products (Inc.), capital	9,830	9,832	
Swift & Co., capital	78,239	78,192	
Texas Co., The, capital	510,259	510,453	
Texas Pacific Coal & Oil Co., common	44,167	45,367	
Tide Water Associated Oil Co., common	11,306	11,323	
Transamerica Corp., capital	953,000	1,047,300	
Tri-Continental Corp., $6 preferred	------	------	(18)
United Merchants & Manufacturers, Inc., v t. c. for com.	9,436	9.424	
United States Gypsum Co., common	56,159	55,448	
United States Hoffman Machinery Corp., 5½% cum. cv. pf.	------	------	(19)
United States Leather Co., The, prior preferred	15.700	16,100	
Universal Pictures Co., Inc., 8% preferred	5,031	5,771	
United States Rubber Co., common	23,016	26.316	
Vick Chemical Co., capital	17,800	18,800	
Webster Eisenlohr, Inc., 7% cumul. preferred	------	------	(20)
White (S. S.) Dental Mfg. Co., The, capital	1,092	1,122	
White Sewing Machine Corp., prior preferred	1,000	------	(9)

NOTES

(1) 7,729 shares delivered to officers and employees of a subsidiary which continues to hold balance. (2) 1,900 shares acquired; 2,900 shares exchanged for debentures of Geo. B. Peck, Inc. (3) 1,600 shares acquired; 487 shares sold, and 1,813 shares issued for business and assets of Farallone Packing Co. (4) Decrease results from one-for-five split-down of shares. (5) Six hundred shares acquired; 2,100 shares retired. (6) Thirty-two thousand shares acquired and transferred to acquire capital stock of Pacific Coast Coca-Cola Bottling Co. (7) Forty-eight thousand three hundred shares acquired; 409,755 shares retired. (8) Transactions since June 30, 1941. (9) Retired. (10) 1,300 shares purchased; 873 shares acquired as result of request for tenders. (11) 7,135 shares acquired; 11,931 shares canceled. (12) 7,125 shares acquired as result of request for tenders. (13) 10,414 shares retired; 1,900 shares acquired. (14) 1,500 shares acquired; 6,048 shares distributed to employees as additional compensation. (15) 1,100 shares acquired and distributed to certain officers and employees as additional compensation. (16) 430 shares acquired and canceled. (17) Initial report. During December company received 52,910 shares from winding up of The Squibb Plan, Inc. Company also disposed of 7,935 shares during the month (18) 2,460 shares acquired and retired. (19) 1,090 shares acquired and retired. (20) Five shares acquired and retired. (21) Received as result of partial liquidating dividend of Eastern Michigan Transportation Corp. (22) Results from conversion of old 7% preferred stock. (23) 2,670 shares acquired since March, 1941 . (24) Previous total incorrect. 2,962 shares acquired and 2,479 shares retired since Oct. 1, 1941.

The New York Curb Exchange issued on Jan. 16 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
American General Corp., $2 div. ser. pref.	7,031	8,206
American General Corp., common	343,526	353,913
American Writing Paper Corp., common	6,500	8,200
Art Metal Works, Inc., common	5,444	5,944
Blue Ridge Corp., $3 conv. pref.	10,200	1,650
Carman & Co., Inc., class A	3,512	3.551
Charis Corp., common	6,875	7,950
Cooper-Bessemer Corp., $3 prior pref.	1,218	None
Crown Central Petroleum Corp., common	562	565
Dejay Stores, Inc., common	7.586	7.786
Dennison Mfg. Co., debenture stock	6,310	6.314
Dennison Manufacturing Co., A common	9,613	10,539
Detroit Gasket & Mfg. Co., 6% preferred	12,316	12.816
Electrographic Corp., common	786	1.286
Equity Corp., $3 conv. preferred	45,873	46.873
Fanny Farmer Candy Stores, Inc., common	36.488	38.963
Gellman Manufacturing Co., common	1,300	4,450
Interstate Hosiery Mills, Inc., capital	5,578	5,831
Klein (D. Emil) Co., Inc., common	13,855	14,155
Kleinert (I. B.) Rubber Co., common	26.235	26.835
Knott Corp., common	5,976	7,051
Lane Bryant, Inc., 7% preferred	391	552
Merritt-Chapman & Scott Corp., 6½% A preferred	1,305	1,993
Midland Oil Corp., $2 conv. preferred	7,550	7.900
Nehi Corp., first preferred	712	1,747
New York Merchandise Co., Inc., common	21,263	51.847
Niagara Share Corp. of Maryland, B common	106.581	127.981
Oilstocks, Ltd., capital	1,810	3,710
Paramount Motors Corp., common	75.286	76.021
Selected Industries, Inc., $5.50 div. prior stock	4.250	None
Sunray Oil Corp., 5½% conv. preferred	2.520	2 690
Sunray Oil Corp., common	102,800	7,621
United Chemicals, Inc., $3 part. preferred	422	922
United Cigar-Whelan Stores Corp., common	12.101	12.114
Wilson-Jones Co., common	4,300	7,500

Donald M. Nelson Made Responsible For War Production Program By Executive Order

President Roosevelt on Jan. 16 formally established by Executive Order the War Production Board and delegated to Donald M. Nelson full charge of the war procurement and production program. The President had announced on Jan. 13 that Mr. Nelson would be Chairman of the War Production Board, which is granted the powers exercised by the Supply, Priorities and Allocations Board. The SPAB, which had been set up last Aug. 28, is abolished and its membership transferred to the new board.

◆

In his statement on Jan. 13 the President said, that Mr. Nelson, in addition to being chairman of the board, "will be charged with the direction of the production program and have general supervision over all production agencies. His decision as to questions of procurement and production will be final."

Prior to this appointment, Mr. Nelson had been Executive Director of the SPAB and also Priorities Director of the Office of Production Management. His association with the national defense program began in June, 1940, when he took a leace of absence from his post as Executive Vice-President of Sears, Roebuck & Co., Chicago, to become Director of Procurement for the Treasury Department. Later he became connected with the OPM and the SPAB. Mr. Nelson resigned from Sears, Roebuck on Jan. 16, ending an association that dated back to 1912.

The other members of the War Production Board besides Mr. Nelson are: Secretary of War Stimson; Secretary of the Navy Knox; Federal Loan Administrator Jones; OPM Director General Knudsen; OPM Associate Director Hillman; Price Administrator Henderson; Vice-President Wallace, as Chairman of the Board of Economic Warfare, and Harry L. Hopkins, Special Assistant to the President supervising the defense aid program.

In his Executive Order, the President said that he was creating the Board "for the purpose of assuring the most effective prosecution of war procurement and production." The order stipulated that Mr. Nelson shall:

(a) Exercise general direction over the war procurement and production program.

(b) Determine the policies, plans, procedures and methods of the several Federal departments, establishments and agencies in respect to war procurement and production, including purchasing, contracting, specifications and construction; and including conversion, requisitioning, plant expansion and the financing thereof; and issue such directives in respect thereto as he may deem necessary or appropriate.

(c) Perform the functions and exercise the powers vested in the Supply Priorities and Allocations Board by Executive Order No. 8875 of Aug. 28, 1941.

(d) Supervise the Office of Production Management in the performance of its responsibilities and duties, and direct such changes in its organization as he may deem necessary.

(e) Report from time to time to the President on the progress of war procurement and production; and perform such other duties as the President may direct.

Mr. Nelson on Jan. 14 told the Army, Navy and OPM that he is prepared to make any drastic changes in the defense set-up in order "to lick Hitler and the Japs and to do it in the shortest possible time." He announced this intention in identical letters to Mr. Knudsen, Under-Secretary of War Patterson and Under-Secretary of the Navy Forrestal.

The letters read:

> We have just one job to do—to make enough war materials to lick Hitler and the Japs, and to do it in the shortest possible time.
>
> Any organizational changes that have to be made in order to do this job will be made. The present organization must and will evolve into the most effective possible instrument to do it.
>
> Every one connected with production and procurement, in all agencies of the government, must carry on with the utmost devotion and energy.

Fertilizer Assn. Price Index Still Rising

The weekly wholesale commodity price index compiled by The National Fertilizer Association advanced last week for the seventh consecutive time, according to an announcement issued Jan. 19. In the week ended Jan. 17, 1942 this index rose to 122.0 from 121.5 in the preceding week. A month ago the index stood at 119.1 and a year ago at 101.1% of the 1935-1939 average as 100.

Prices rises were widespread throughout the commodity list, resulting in 7 of the 11 principal group indexes advancing, none declining, and 4 remaining unchanged. In the food group price increases were registered by 15 items and declines by only 5; the net result was a moderate upturn in the food group average. Farm product prices were generally higher. Cotton and cotton goods again rose in price causing another advance in the textile index. An advance in the price of oak flooring was responsible for a fractional increase in the building material group average. A moderate rise was recorded by the mixed fertilizer index. Advances, although small, were registered also by the indexes representing the prices of fertilizer materials and miscellaneous commodities.

During the week 47 price series included in the index advanced and 12 declined; in the preceding week there were 45 advances and 3 declines; in the second preceding week there were 29 advances and 12 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[1935-1939 = 100]

% Each Group Bears to the Total Index	GROUP	Latest Week Jan. 17, 1942	Preceeding Week Jan. 10, 1942	Month Ago Dec. 13, 1941	Year Ago Jan. 18, 1941
25.3	Foods	119.7	118.7	116.6	92.5
	Fats and Oils	130.8	129.5	129.0	73.8
	Cottonseed Oil	156.1	156.4	156.0	74.7
23.0	Farm Products	130.4	129.1	124.4	96.3
	Cotton	179.4	174.0	163.1	96.3
	Grains	121.5	119.1	117.0	87.6
	Livestock	122.6	122.5	118.4	97.8
17.3	Fuels	113.0	113.0	111.9	101.5
10.8	Miscellaneous Commodities	127.2	126.9	126.9	110.4
8.2	Textiles	149.0	147.7	140.8	112.9
7.1	Metals	104.0	104.0	104.0	103.2
6.1	Building Materials	131.8	131.7	131.2	117.8
1.3	Chemicals and Drugs	120.1	120.1	112.0	103.9
.3	Fertilizer Materials	117.4	117.0	114.9	106.0
.3	Fertilizers	114.0	112.7	109.8	104.0
.3	Farm Machinery	103.4	103.4	100.7	99.7
100.0	All Groups Combined	122.0	121.5	119.1	101.1

Indexes on 1926-28 base were: Jan. 17, 1942, 95.0; Jan. 10, 1942, 94.6; Jan. 18, 1941, 78.8.

December Chain Store Sales at $570,738,889

According to a compilation made by Merrill Lynch, Pierce, Fenner & Beane, 27 chain store companies, including two mail order companies, reported an increase of 21.2% in sales for December, 1941; the same 27 companies reported an increase of 20.6% for 1941 as a whole.

Continuing the experience of recent years, the two mail order organizations and one auto supply chain established new annual sales records. The combined sales total for Montgomery Ward & Co. and Sears Roebuck & Co. in 1941 was 26.5% in excess of that for 1940, while Western Auto Supply Co. scored a gain of 31.7% between the two years. Sales increases for these companies in December, however, were smaller in degree than those for the year as a whole. In earlier months, volume had been swollen by unusual demand for such lines as refrigerators, radios and tires, in anticipation of production restrictions. Groups handling "soft" lines held the lead in the final month of 1941, as sales of four grocery chains increased 27.4%. Similarly, sales of six apparel chains showed a gain of 27.7% and two shoe chains recorded an increase of 31.3%.

	—Month of December— 1941	1940	% Inc.	—12 Months End. Dec. 31— 1941	1940	% Inc.
4 Grocery chains	$82,965,057	$65,112,454	27.4	$904,194,664	$769,645,019	17.5
11 5 & 10c chains	184,783,427	160,615,267	15.1	1,074,301,264	945,334,838	13.
6 Apparel chains	80,712,846	63,257,140	27.7	530,280,238	427,239,204	24.1
1 Drug chain	9,816,675	8,447,221	16.2	85,742,305	76,601,176	13.4
2 Shoe chains	6,243,341	4,754,073	31.3	49,813,341	40,598,813	22.7
1 Auto supply	8,122,000	6,710,000	21.0	71,043,000	53,934,000	31.7
25 Chains	$366,400,005	$304,141,982	20.5	$2,665,561,471	$2,272,754,237	17.3
2 Mail orders	204,338,884	166,724,950	22.6	1,622,322,155	1,282,929,226	26.5
27 Companies	$570,738,889	$470,866,932	21.2	$4,287,883,626	$3,555,683,463	20.6

Bank Debits Up 13% From Last Year

Bank debits as reported by banks in leading centers for the week ended Jan. 14, aggregated $10,302,000,000. Total debits during the 13 weeks ended Jan. 14 amounted to $150,485,000,000, or 20% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 13% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 25%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Jan. 14, 1942	Jan. 15, 1941	13 Weeks ended Jan. 14, 1942	Jan. 15, 1941
Boston	595	524	8,678	7,491
New York	3,985	3,587	59,869	52,698
Philadelphia	566	486	8,217	6,628
Cleveland	736	638	11,053	8,746
Richmond	418	377	6,031	4,783
Atlanta	364	318	5,022	3,955
Chicago	1,545	1,394	22,628	18,219
St. Louis	355	293	4,952	3,869
Minneapolis	207	158	2,853	2,200
Kansas City	339	282	4,690	3,705
Dallas	299	233	4,164	3,137
San Francisco	893	822	12,327	9,715
Total, 274 reporting centers	10,302	9,111	150,485	125,147
New York City*	3,626	3,276	54,663	48,365
140 Other leading centers*	5,735	5,040	82,756	66,403
133 Other centers	942	795	13,066	10,380

*Included in the national series covering 141 centers, available beginning with 1919.

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Jan. 19 that reports received by the bank from commercial paper dealers show a total of $374,500,000 of open market paper outstanding on Dec. 31, 1941. This amount represents a decrease of 3.3% from Nov. 29, 1941, when $387,100,000 was outstanding, and an increase of 72% over Dec. 31, 1940, when there was $217,900,000 outstanding.

In the following table we give a compilation of the monthly figures for two years:

1941—	$	1940—	$
Dec. 31	374,500,000	Nov. 30	231,800,000
Nov. 29	387,100,000	Oct. 31	252,400,000
Oct. 31	377,700,000	Sept. 30	250,700,000
Sept. 30	370,500,000	Aug. 31	244,700,000
Aug. 30	353,900,000	July 31	232,400,000
July 31	329,900,000	June 29	224,100,000
June 30	299,000,000	May 31	234,200,000
May 31	295,000,000	Apr. 30	238,600,000
Apr. 30	274,600,000	Mar. 30	233,100,000
Mar. 31	263,300,000	Feb. 29	226,400,000
Feb. 28	240,700,000	Jan. 31	219,400,000
Jan. 31	232,400,000	1939—	
1940—		Dec. 30	203,900,000
Dec. 31	217,900,000		

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Jan. 20	117.61	106.92	116.61	113.89	107.62	92.06	97.47	110.70	113.70
19	117.60	106.92	116.41	113.89	107.62	92.06	97.47	110.70	113.70
17	117.59	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
15	117.53	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
14	117.81	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
13	117.86	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
12	117.91	106.92	116.41	113.89	107.62	91.91	97.31	110.70	113.70
10	118.09	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
8	118.10	106.92	116.61	114.08	107.80	91.62	97.16	110.70	113.89
7	117.94	106.92	116.61	114.08	107.62	91.62	97.00	110.70	113.89
6	117.82	106.74	116.61	114.08	107.62	91.85	96.85	110.88	113.70
5	117.95	106.56	116.02	113.70	107.44	91.34	96.54	110.70	113.31
3	117.85	106.39	115.82	113.70	107.27	91.05	96.23	110.52	113.31
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
1	STOCK EXCHANGE CLOSED								
High 1942	118.10	106.92	116.61	114.08	107.80	92.06	97.47	110.88	113.89
Low 1942	117.53	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.4
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Jan. 20, 1941	117.88	106.56	118.00	113.89	106.56	90.48	96.85	109.97	113.70
2 Years ago Jan. 20, 1940	115.65	101.80	115.43	111.62	100.81	83.79	90.06	106.74	110.34

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indu
Jan. 20	3.34	2.82	2.96	3.30	4.27	3.91	3.13	2.97
19	3.34	2.83	2.96	3.30	4.27	3.91	3.13	2.97
17	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.9
15	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
14	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
13	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
12	3.34	2.83	2.96	3.30	4.28	3.92	3.13	2.9
10	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.9
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.9
8	3.34	2.82	2.95	3.29	4.30	3.93	3.13	2.96
7	3.34	2.82	2.95	3.30	4.30	3.94	3.13	2.9
6	3.35	2.82	2.95	3.30	4.31	3.95	3.12	2.97
5	3.36	2.85	2.97	3.31	4.32	3.97	3.13	2.99
3	3.37	2.86	2.97	3.32	4.34	3.99	3.14	2.99
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
1	STOCK EXCHANGE CLOSED							
High 1942	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
Low 1942	3.34	2.82	2.95	3.29	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Jan. 20, 1941	3.36	2.75	2.96	3.36	4.38	3.95	3.17	2.97
2 Years ago Jan. 20, 1940	3.64	2.88	3.08	3.70	4.88	4.41	3.35	3.15

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Secretary of Agriculture Calls For Largest United States Farm Production In History

Secretary of Agriculture Claude R. Wickard announced on Jan. 16 revised goals for farm production in 1942 substantially larger than the record output called for in the goals announced in the fall of 1941. At the same time he announced new policies with respect to loans, purchases, and sales of Government-held stocks which should stimulate the production of maximum supplies of the commodities most needed in the war effort.

"The new 1942 goals, revised in view of Pearl Harbor," Secretary Wickard stated, "call for the greatest production in the history of American agriculture, and for putting every acre of land, every hour of labor, and every bit of farm machinery, fertilizer, and other supplies to the use which will best serve the nation's war time needs." The Secretary went on to say:

> The coming production season is the most crucial in the history of American agriculture. To American farmers, the nation looks for enough production this year to feed and clothe our own people for their war time task. To American farmers, the United Nations look for indispensable supplies of food and fiber for their people and fighting forces. No one can foresee the exact size of the needs of our allies a year from now, but already we know they will be large, and I fear they will be larger than we realize at this time.
>
> Some of these goals will be very difficult to reach but we believe farmers can do it despite war time shortages of farm labor, machinery, and production supplies. For wheat, cotton, and tobacco, the goals should not be exceeded. To do so would waste precious labor and supplies. For the other commodities, if farmers are able to exceed the goals and processors can handle the products, the nation's interests would be served. In a word, we must produce to the limit in 1942 the things where shortages may occur under war time conditions, because if the war is a long one, it will become progressively more difficult to get production. . . .
>
> The goals place particular emphasis on the production of oil bearing crops such as peanuts and soybeans so that our supplies of oils and fats may not be reduced too drastically, even though importations from the Far East are cut off.
>
> We are increasing the goals for corn by 5,000,000 acres in order to have plenty of grain to continue the expansion in meat, dairy, and poultry production now well under way. In order to expand feed supplies in certain areas and to provide storage space for the new wheat crop, we also are making arrangements to release Government-owned wheat for feeding at prices comparable with corn.
>
> The goals call for an increase in dry edible beans and dried peas. An additional 5,000,000 bushels of rice are called for. Provision is made for an increase over 1941 of more than 18,000,000 cases in the pack of canned fruits and vegetables.

The Agriculture Department's announcement stated:

> To increase the production of fats and oils a number of steps are announced. The goal for soybeans is raised to 9,000,000 acres; flaxseed, 4,500,000 acres; and peanuts, 5,000,000 acres. To encourage this production, price and loan supports will be employed, including a loan on flaxseed averaging at least $2.10 per bushel farm basis with location and grade differentials; purchases of soybeans at $1.60 a bushel, farm basis, for designated varieties of U. S. No. 2 Yellow, with location and grade differentials, and Government purchases of peanuts at $82 a ton for U. S. No. 1 White Spanish Type for oil, delivered at the approved local receiving agency, with location and grade differentials. The purchase price for No. 1 Runners will be $78 a ton and $70 a ton for Class A Virginias. Efforts will be made to step up the production of lard, tallow and grease in packing plants.
>
> To increase the supply of animal feeds, corn goals and corn acreage allotments are raised 10% and there will be no marketing quotas on corn this year.
>
> Corn producers in the commercial corn area who wish to exceed their acreage allotments by planting up to their usual acreage in order to have more feed may do so without incurring reduction in other payments. This will be especially helpful in the dairy areas.
>
> To release storage space for the 1942 wheat crop and as a further aid to necessary livestock production, a program will be announced shortly providing for the conversion of Ever-Normal Granary wheat into livestock and poultry feed.
>
> Farmers are increasing their hog and chicken numbers to such an extent that it will be possible to turn the additional feed supplies into larger quantities of meat, lard and eggs than was thought possible four months ago when the first goals were announced. The revised goals call for an increase of 4,000,000 head in hogs marketed, and 200,000,000 dozen eggs over the September 1942 goals. The increased feed supplies also will help to attain the goals set for meats and for milk market-

ing and production. The price supporting program announced last Fall for hogs, eggs, evaporated milk, dry skim milk, cheese, and chickens (excluding broilers) continues in effect. Under this program prices are supported at a minimum of 85% of parity.

Because of ample supplies, wheat and rye acreage remain at the level of the September goals. All restrictions on rice acreage have been removed; and the goal has been raised 120,000 acres. This will provide for a substantial increase in rice production in 1942.

The goal for dry beans is 13% above 1941 acreage and for dry edible peas the goal is 73% more than in 1941.

The revised acreage goal for canning vegetable crops is expected to result in a pack 45% above the 1936-40 average, and a program has already been announced for obtaining an increase of more than one-fifth over the 1941 pack of canned peas and tomatoes. The indications are that production of vegetables for fresh use in 1942 will show an increase over 1941 production.

The canned fruit is expected to be 4,000,000 cases larger than in 1941. Dried fruit production is expected to be 100,000 tons larger than in 1941.

The potato goal provides for increases in planted acreage over 1941 and a price supporting program is to be announced.

Revised goals for all types of tobacco except cigar wapper are higher than those established in September.

It is expected that cotton acreage will be about 1,000,000 acres larger than was anticipated in September. To increase production of long-stable cotton special premiums will be offered on staples of 1⅛ and over.

There will be no limitation on plantings of sugar beets and sugarcane in 1942.

Summing up the job ahead for American agriculture Secretary Wickard commented:

> This is an all-out program difficult of attainment, but in the nation-wide farm canvass recently completed, farmers have already indicated that they plan to equal or exceed the production called for in most of the goals announced in September.
>
> The Department of Agriculture, through the management of its programs, and through cooperation with the other agencies of Government whose work touches the farmers' problems of labor, supply, and price, will do its utmost to bring farmers all possible aid in getting the job done. Adequate farm production is vital to the nation's existence, and the task of achieving it will command the energy and devotion of every farm family.

NYSE Calls For Blood Donors For Red Cross

The cooperation of the members and member firms of the New York Stock Exchange in finding contributors to the Red Cross Blood Donor Service was urged on Jan. 12 by Emil Schram, President of the Exchange, and James F. Burns, Jr., President of the Association of Stock Exchange Firms. In a letter to members Messrs. Schram and Burns state that, with the country at war, the need for blood donations is almost without limit. It is said that donations will be welcomed by the Red Cross from those between 21 and 60 in average health. Copies of a Red Cross leaflet and Blood Donor registration blanks may be obtained at the Exchange's circular window, 11th floor, 20 Broad Street.

Retail Prices Advanced Further In December According To Fairchild Publications Index

Retail prices in December showed the smallest monthly advance in several months, according to the Fairchild Publications Retail Price Index. The index showed a gain of 0.7% during the month of December. This follows a gain of 1.2% recorded for November, 1% for October and 2.5% for September. In August the gain was 3%. The index at 108.3 (Jan. 3, 1931=100) is the highest since 1930. Prices show an advance of 15.3% above the corresponding period a year ago, and 21.8% above the period immediately preceding the outbreak of hostilities in 1939.

The following is from an announcement issued on Jan. 14 by Fairchild Publications:

> Each one of the major subdivisions recorded a gain during the month, with infants' wear showing the smallest gain. Piece goods and women's apparel recorded the largest advances above a year ago and infants' wear the smallest advance above a year ago. Piece goods and home furnishings showed the greated gains in comparison with August 1939.
>
> With the exception of furs, which showed a fractional decline, all the commodities included in the index either remained unchanged or advanced. The greatest gains over a year ago were recorded by cotton piece goods, sheets and pillowcases, aprons and house dresses, corsets and brassieres, women's underwear, men's shirts, men's shoes, infants' shoes. This is the first time that the apparel items have begun to advance much more rapidly. In comparison with a year ago the greatest gains have been recorded by cotton piece goods, sheets and pillow cases, women's hosiery, aprons and housedresses, furs and furniture.
>
> Retail prices are still below replacement levels. Therefore further gains in quotations are to be expected, especially since wholesale prices are also advancing, according to A. W. Zelomek, economist, under whose supervision the index is compiled.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1941=100
Copyright 1941 Fairchild News Service

	May 1, 1933	Jan. 2, 1941	Oct. 1, 1941	Nov. 1, 1941	Dec. 1, 1941	Jan. 2, 1942
Composite Index	69.4	93.9	105.2	106.2	107.5	108.3
Piece Goods	65.1	87.0	99.9	101.6	103.7	105.0
Men's Apparel	70.7	89.3	95.5	96.5	97.5	98.1
Women's Apparel	71.8	92.5	104.1	105.7	106.9	107.7
Infants' Wear	76.4	97.6	101.2	102.1	103.2	103.7
Home Furnishings	70.2	95.7	106.9	108.5	109.5	110.2
Piece Goods						
Silks	57.4	69.1	78.9	79.8	80.7	81.3
Woolens	69.2	88.5	98.4	99.5	101.2	101.7
Cotton Wash Goods	68.6	103.4	122.4	125.6	129.2	132.0
Domestic						
Sheets	65.0	93.6	108.9	111.4	113.2	114.7
Blankets & Comfortables	72.9	116.8	123.8	124.4	125.3	125.5
Women's Apparel						
Hosiery	59.2	73.3	83.4	86.0	87.8	88.6
Aprons & House Dresses	75.5	106.4	121.4	124.6	127.4	129.5
Corsets & Brassieres	83.6	92.9	99.1	100.1	102.1	103.2
Furs	66.8	108.8	138.1	*138.1	*136.4	*135.9
Underwear	69.2	85.9	93.8	95.7	97.7	98.8
Shoes	76.5	88.9	89.6	89.6	89.8	90.4
Men's Apparel						
Hosiery	64.9	87.5	94.3	94.8	96.0	96.4
Underwear	69.6	92.0	100.3	102.8	105.5	106.2
Shirts & Neckwear	74.3	86.0	90.0	91.4	91.8	93.1
Hats & Caps	69.7	83.4	89.0	89.1	89.4	89.4
Clothing incl. Overalls	70.1	92.1	98.3	99.2	99.7	100.0
Shoes	76.3	94.7	101.0	101.7	102.6	103.8
Infants' Wear						
Socks	74.0	103.8	106.3	106.3	107.3	107.3
Underwear	74.3	95.2	98.8	100.3	100.7	101.2
Shoes	80.9	93.9	98.6	99.6	101.5	102.5
Furniture	69.4	103.2	123.1	124.7	125.5	126.6
Floor Coverings	79.9	127.8	138.3	138.6	140.4	140.7
Musical Instruments	50.6	53.7	61.3	*64.6	*65.6	*65.7
Luggage	60.1	76.0	84.2	*89.2	*89.7	*89.7
Electrical Household Appliances	72.5	79.7	89.0	*90.4	*91.1	*91.6
China	81.5	94.9	104.1	105.1	105.6	103.4

*The Federal tax of 10% at retail is excluded in the computation of the fur index. The excise taxes on luggage, radios, and electrical appliances are levied on the manufacturers.

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

Insolvent National Bank Dividends

During the month ended Dec. 31, 1941, authorizations were issued to receivers for payments of dividends to the creditors of six insolvent national banks, Comptroller of the Currency Preston Delano announced on Jan. 14. Dividends so authorized will effect total distributions of $835,501 to 35,782 claimants who have proved claims aggregating $9,725,830, or an average payment of 8.50%. The minimum and maximum percentages of dividends authorized were 4.18% and 55.0%, while the smallest and largest payments involved in dividend authorizations during the month were $48,401 and $327,100, respectively. Of the six dividends authorized, Mr. Delano said, one was a regular dividend payment, and five were final dividend payments. Dividend payments so authorized during the month ended Dec. 31, 1941, were as follows:

DIVIDEND PAYMENTS TO CREDITORS OF INSOLVENT NATIONAL BANKS AUTHORIZED DURING THE MONTH ENDED DEC. 31, 1941

Name and Location of Bank—	Date Authorized	Distribution of Funds by Dividend Authorized	Total Percentage Authorized Dividends to Date	Amount Claims Proved
North Capital Savings Bank, Washington, D. C.	12-15-41	$50,700	36.64%	$940,600
Park Savings Bank Washington, D. C.	12-19-41	120,100	36.68%	2,872,500
The Will County National Bank of Joliet, Ill.	12-31-41	154,500	72.71%	2,302,433
The First National Bank of Ypsilanti, Mich.	12-17-41	134,700	71.39%	2,107,400
*The First National Bank of Anadarko, Okla.	12-3-41	327,100	55.00%	594,800
The First National Bank of Beaver Falls, Pa.	12-26-41	48,401	95.33%	908,037

*Regular dividend. In case of other banks final dividend.

Cost of Living Rose 0.5% In December According To Industrial Conference Board

The cost of living for wage earners and lower-salaried clerical workers in the United States was 0.5% higher in December than in November, according to the Division of Industrial Economics of The Conference Board. This was a smaller increase than in the previous three months, when living costs rose at an average rate of 1.3% per month. The cost of living in December was 8.7% higher than in December, 1940.

The Board's index of the cost of living in the United States (1923=100) was 93.4 in December, as compared with 92.9 in November and 85.9 in December, 1940. Under date of Jan. 14 the Board further said:

> Sundries advanced more than any of the other main components of the cost of living index from November to December. They were 0.9% higher, and they were 4.7% higher than in December, 1940.
>
> Clothing advanced 0.6%, and was 9.7% higher than in December, 1940.
>
> Food and housing advanced 0.4%. Food was 18.3% higher than in December, 1940; housing was 2.7% higher.
>
> Fuel and light advanced 0.1%, owing to a slight increase in coal prices. The cost of fuel and light was 4.4% greater in December than in December, 1940, although the cost of gas and electricity was 0.6% less.
>
> The purchasing power of the 1923 dollar was 107.1 in December, as compared with 107.6 in November and 116.4 in December, 1940.

The following table shows The Conference Board index of the cost of living, by main components, for November and December, 1941, with percentage changes:

Item—	Relative Importance in Family Budget	Indexes of the Cost of Living 1923=100 Dec., 1941	Nov., 1941	Pct. of Inc. (+) or Dec. (—) from Nov., 1941 to Dec., 1941
*Food	33	92.6	92.2	+0.4
Housing	20	89.9	89.5	+.04
Clothing	12	80.1	79.6	+0.6
Men's		87.8	87.3	+0.6
Women's		72.3	71.9	+0.6
Fuel and light	5	90.3	90.2	+0.1
Coal		92.5	92.4	+0.1
†Gas and electricity		85.9	85.9	0
Sundries	30	102.8	101.9	+0.9
Weighted average of all items	100	93.4	92.9	+0.5
Purchasing value of dollar		107.1	107.6	—0.5

*Based on The Conference Board index of food prices for Dec. 15, 1941 and Nov. 14, 1941. †Based upon retail prices of 35 kilowatt hours of electricity, 1,000 cubic feet of natural gas, or 2,000 cubic feet of manufactured gas.

Latest Summary Of Copper Statistics

The Copper Institute on Jan. 12 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE
(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers §Domestic	Deliveries to Customers Export	†Refined Stocks End of Period	Stock Increases (+) or Decreases (—) Blister	Stock Increases (+) or Decreases (—) Refined
Year 1935	------	------	------	------	231,415	------	------
Year 1936	731,629	748,660	764,560	54,447	101,068	—17,031	—70,347
Year 1937	982,045	964,176	803,095	62,798	259,351	+17,869	+98,283
Year 1938	644,869	638,076	481,803	125,869	289,755	+6,793	+30,404
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	—16,713
Year 1941	1,015,494	1,065,667	1,513,292	307	75,564	—50,173	—67,208
Jan., 1941	83,280	93,840	119,736	22	116,854	—10,560	—25,918
Feb., 1941	79,240	93,654	112,808	11	97,689	—14,414	—19,165
Mar., 1941	85,701	95,322	134,333	6	89,873	—9,621	—7,816
Apr., 1941	88,042	89,687	123,580	49	98,789	—1,645	+8,916
May, 1941	90,342	89,390	144,293	--	93,076	+952	—5,713
June, 1941	82,558	88,560	115,097	42	98,164	—6,002	+5,088
July, 1941	82,099	86,879	143,089	33	74,384	—4,780	—23,780
Aug., 1941	84,695	85,426	117,486	--	71,930	—731	—2,454
Sept., 1941	81,839	81,553	121,021	--	63,670	+286	—8,260
Oct., 1941	86,019‡	86,617	121,313	144	67,260	—598‡	+3,590
Nov., 1941	84,718‡	84,799	123,168	--	72,352	—81‡	+5,092
Dec., 1941	86,961	89,940	137,368	--	75,564	—2,979	+3,212

*Mine or smelter production or shipments, and custom intake including scrap.

†At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡Corrected.

Dec. '5 & 10' Sales Show Normal Seasonal Gain

Sales of the leading "5 & 10" chains rose during the holiday season by approximately the normal seasonal amount. As measured by the "Syndicate Store Merchandiser's" seasonally adjusted Sales Index, issued Jan. 12, average daily volume per store in December at 129.3% of the 1935-39 average was only slightly below November, when the Index stood at 130.2. This compares with 130.9 in August, which represented an all-time peak for the Index and with 115.3 in December of 1940.

Actual sales of 12 leading 5c & 10c to $1.00 variety syndicates, which totaled $186,400,936, showed a gain of 15.1% over December 1940. For the full year sales amounted to $1,083,636,916, representing an improvement of 13.7% over the year 1940.

DECEMBER, 1941
5c & 10c TO $1.00 SYNDICATE STORE SALES

	December 1941	December 1940	Pct. Chg.	12 Months 1941	12 Months 1940	Pct. Chg.
F. W. Woolworth	$62,498,002	$54,571,108	+14.5	$377,130,933	$335,460,287	+12.4
S. S. Kresge	29,533,700	26,363,483	+12.0	176,038,571	158,162,394	+11.3
W. T. Grant	23,531,577	20,030,462	+17.4	128,241,292	111,051,059	+15.4
S. H. Kress	17,376,051	15,732,229	+10.4	101,389,664	88,299,960	+14.8
J. J. Newberry	11,595,806	9,961,723	+16.4	64,201,624	55,878,977	+14.9
G. C. Murphy	10,898,006	9,041,996	+20.5	63,514,748	53,365,581	+19.0
McCrory Stores	9,398,144	8,027,770	+17.1	53,012,971	46,207,993	+14.7
H. L. Green	9,174,856	7,971,910	+15.1	52,817,083	47,105,091	+12.1
McLellan Stores	5,089,546	4,442,958	+14.6	27,577,281	23,877,576	+15.5
Neisner Bros.	4,770,116	3,648,929	+30.7	26,468,794	22,492,307	+17.7
Rose's Stores	1,617,509	1,301,857	+24.2	7,877,797	6,270,253	+25.6
M. H. Fishman	917,623	819,699	+11.9	5,316,158	4,738,243	+12.2
Total, 12 Synd.	$186,400,936	$161,914,124	+15.1	$1,083,636,916	$952,909,721	+13.7

Steel Production Decline Probable Due To Scrap Shortage—Orders Booked Hold

Of all the nations at war, Japan has been considered most vulnerable from the viewpoint of supplies of raw materials like iron and steel scarp, states "The Iron Age" in its issue today (Jan. 22), adding: "It is likely, however, that Japan's supply of scrap is far more ample than is generally realized and is sufficient to permit high armament production by that country for many months to come. Japan's iron and steel scrap pile at the start of 1942 is estimated at approximately 10,000,000 tons. In the decade just ended Japan received about 11,600,000 tons of scrap from the United States, a period in which the Japanese steel industry produced approximately 56,000,000 tons of steel ingots and castings, and about 30,000,000 tons of pig iron. Among the factors taken into account in a survey in the current issue of 'Iron Age' are Japan's imports of finished steel products as well as scrap, its home-produced scrap and recovery of old metal from large-scale wrecking operations in China.

"Because of prospects that steel production may be lower in 1942 than last year due to the scrap shortage, the U. S. mills are beginning to experiment with light grades of scrap. Scrap collectors in the east have been burning the tin off old cans in bonfires and sending the charred cans to the steel mills. One mill in the Pittsburgh-Wheeling-Weirton district is experimenting with use of partly detinned cans in steel melting. In an effort to salvage the tin from old cans, two large detinning firms met recently with OPM representatives at Washington.

"The recent announcement that a drive is being conducted to end misgrading of iron and steel scrap, under a system in which OPA inspectors will appear at consumer plants without advance notice, is not unwelcome to many steel plants and foundries. Scrap found to be upgraded will be recommended for reclassification, and sellers and consumers will be liable to penalties.

"This week the Office of Production Management, which is likely to be abolished in Nelson's streamlining of the war production machine, is working on a method to determine the demand for any one of 100 basic materials according to the end use, and to what degree considering the stress of war consumption of material, this use should be supplied. This method is called the end use code, and it is said the 100 'broad bands of use' may be considered as 'supply bins' from which materials may be directed both for civilian and military needs.

"Meanwhile the most drastic step yet taken to enforce the priority system of distribution of war materials and equipment is proposed in the second war powers bill now being considered by the Senate Judiciary Committee. This bill contains provisions for giving the armed forces all-out power to requisition any machine deemed necessary for war work, regardless of how much that machine is being used. Requisitioning powers under the Selective Service Act are restricted to machines which are not in actual use and which are not considered necessary for the operation of a plant.

"Steel production this week is at 96.5% of capacity, a half point advance over last week, according to 'The Iron Age' estimates. The minor rise is due to small gains recorded at Chicago, Cleveland and in Southern Ohio. The Pittsburgh rate is unchanged at 97%, and Youngstown output is holding for another week at 95%. St. Louis dropped seven points to 85%, the eastern area one point to 103% and Eastern Pennsylvania a half point to 91%. While operations in Southern Ohio rose nine points to 102%, Buffalo is unchanged at 90%, Wheeling at 88%, Birmingham at 95.5% and Detroit at 94%.

"Steel orders booked so far in January are equaling, or in a few cases exceeding, the volume of the corresponding period in December, although orders had been expected to decline somewhat because of the all-out war program. The OPM has allocated 375,000 tons of steel to South American countries for the first quarter of 1942, together with some tungsten and nickel.

"Approximately 1,750,000 tons of steel will be needed for the 522 merchant ships for which contracts totaling $948,000,000 were announced last week by the U. S. Maritime Commission. The ships, made as part of the Victory Program, call for 8,000,000 gross tons of shipping in 1942 and 10,000,000 tons in 1943."

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Jan. 20, 1942, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		*Low*	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Jan. 20, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.45

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati

	High		*Low*	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 25
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Jan. 20, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.42

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		*Low*	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Jan. 19 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.7% of capacity for the week beginning Jan. 19, compared with 97.8% one week ago, 93.4% one month ago and 96.5% one year ago. This represents a decrease of 0.1 point or 0.1% from the preceding week. The operating rate for the week, beginning Jan. 19, 1942 is equivalent to 1,614,200 tons of steel ingots and castings, compared to 1,615,800 tons one week ago, 1,543,100 tons one month ago, and 1,557,400 tons one year ago. Weekly indicated rates of steel operations since Jan. 6, 1941, follow:

1941—		Apr 14	98.3%	Jly 28	97.6%	Nov 10	96.6%
Jan 6	97.2%	Apr 21	96.0%	Aug 4	96.3%	Nov 17	97.0%
Jan 13	98.5%	Apr 28	94.3%	Aug 11	95.6%	Nov 24	95.9%
Jan 20	96.5%	May 5	96.8%	Aug 18	96.2%	Dec 1	97.6%
Jan 27	97.1%	May 12	99.2%	Aug 25	96.5%	Dec 8	97.5%
Feb 3	96.9%	May 19	99.9%	Sep 2	96.3%	Dec 15	97.9%
Feb 10	97.1%	May 26	98.6%	Sep 8	96.9%	Dec 22	93.4%
Feb 17	94.6%	Jun 2	99.2%	Sep 15	96.1%	Dec 29	96.1%
Mar 3	97.5%	Jun 9	98.6%	Sep 22	96.8%		
Feb 24	96.3%	Jun 16	99.0%	Sep 29	96.9%	**1942—**	
Mar 10	98.8%	Jun 23	99.9%	Oct 6	98.1%	Jan 2	96.4%
Mar 17	99.4%	Jun 30	91.8%	Oct 13	98.4%	Jan 9	97.8%
Mar 24	99.8%	Jly 7	94.9%	Oct 20	97.8%	Jan 16	97.7%
Mar 31	99.2%	Jly 14	95.2%	Oct 27	99.9%		
Apr 7	99.3%	Jly 21	96.0%	Nov 3	98.2%		

"Steel" of Cleveland, in its summary of the iron and steel markets on Jan. 19 stated:

Lines are being drawn tighter in the steel industry and in most products high priorities are covering production almost to the exclusion of civilian supply. Fullest co-operation by the industry is aiding government authorities charged with distribution and to the extent that steel can be produced it is being supplied to fabricators of essential war materials.

Pending whatever changes may result from formation of the War Production Board the steel industry is proceeding on the basis of OPM provisions, awaiting developments which may be deemed expedient to further the aims of maximum production. Meanwhile every means possible to keep production close to capacity is being brought into play and in spite of obstacles output is maintained at record levels. While lack of scrap continues to hamper production, many open hearths being idle for that reason, labor interruptions no longer cut into working time, which is a distinct gain, compared with last year.

Full force of the war effort is not yet apparent and the industry expects renewed demand along some lines as further plans are developed. Among expected increases is further demand for building material for additional munitions plants, army and navy bases and additions to those already built. Some of the latter already are appearing.

Pig iron supply has been sufficient for prime needs but large inventories existing when allocation started have been worked down in the meantime and larger requirements are likely in coming months to supply those formerly covered by reserves.

Plates continue in heaviest demand as ships, tanks and other war requirements absorb an increasing quantity. In an effort to supply all preferred users more strip mills are being pressed into service for plate production and many users, including builders of freight cars, are allowed to use only plates from strip mills. This releases the output of regular plate mills for purposes where specifications are important. That plates will continue to be in heavy demand is indicated by an estimate of OPM that war needs this year will total over 10,000,000 tons, a figure in excess of total plate capacity.

Production of finished steel is hampered by lack of semifinished steel supply, especially to non-integrated mills. Allocation from integrated mills to expedite production of needed steel has resulted in some cases in short supply for the latter.

Scrap supply shows no tendency to increase in spite of various efforts to gather whatever can be tempted out by local committees canvassing various cities. Currently snow and cold hamper collection and preparation and February may prove the low point. Scrap from automobiles in hands of wreckers offers a source of much tonnage and pressure is being concentrated on these in an effort to obtain the available material while allowing retention of resale parts. Wrecking of a section of elevated railroad in Boston has been ordered and will provide about 10,000 tons. Shortening of automobile assembly has reduced scrap from this source which has not yet been replaced by material from tanks and other war manufacture.

Cold bar drawers will be put on allocation Feb. 1 on the basis of their purchases for the first seven months of 1941, to be obtained from their 1940 sources of supply.

Due entirely to lack of scrap, production last week receded ½-point to 93%. Youngstown made the greatest decline, 6 points, to 84%. Wheeling lost 1 point to 89%, Cleveland 2½ points to 90% and Chicago 1 point to 101%. New England gained 8 points to 100%, St. Louis 5 points to 81 and Detroit 4 points to 86. Unchanged rates were maintained at Pittsburgh, 95; Eastern Pennsylvania, 89; Buffalo, 79½; Birmingham, 90 and Cincinnati, 91½%.

Paralleling broken records in production of steel and iron in 1941, shipments of finished steel by the United States Steel Corp. during that year totaled 20,458,937 net tons, 36% greater than in 1940 and 19% above the previous all-time record in 1916. December shipments were the highest in the history of the Corporation for that month, totaling 1,846,036 tons, almost 14% above those of November.

Automobile assemblies last week totaled 75,025 units, a gain of 16,035 over 58,990 made the previous week. This compares with 124,025 cars turned out in the corresponding week last year.

Composite prices are unchanged in absence of any alteration in ceiling quotations, as follows: Finished steel, $56.73; semifinished steel, $36; steelmaking pig iron, $23.05; steelmaking scrap, $19.17.

Szymczak Calls For Price-Fixing, Rationing Aggressive Fiscal Policy To Fight Inflation

Warning that the "inflation potential ahead is tremendous," M. S. Szymczak, member of the Board of Governors of the Federal Reserve System, said on Jan. 14 that the two broad lines of attack on the problem are price ceilings on many or all goods, supplemented by rationing, and an aggressive fiscal policy coupled with monetary controls. Addressing the 31st annual convention of the National Retail Dry Goods Association in New York City, Mr. Szymczak stated that "in practice, I feel sure that we shall have to do a great deal of both."

He listed the three broad aims of the war period as follows:

> The first and most important is to get the maximum output of war materials and get it quickly.
>
> The second is to avoid unnecessary disruption of economic life, both now and in the post-war period.
>
> The third is to spread the burden of the war effort as equitably as possible.

Inflation interferes with all three of these objectives, Mr. Szymczak asserted. "Rapidly rising prices make it more difficult to plan and operate our war effort efficiently. They will aggravate the problem of post-war adjustment, and they are inequitable because they impose uneven and arbitrary burdens on different economic groups, especially a heavier burden on the poor than on the rich."

As to price-fixing and rationing, Mr. Szymczak declared:

> If we fix price ceilings but leave people with increased incomes to spend, then we must find some way of distributing fairly the limited supplies available. Prices can then no longer act as the allocating mechanism. We must take the rationing job over directly.
>
> A recognized obstacle to the price fixing procedure is the great administrative difficulty of imposing, policing, and enforcing price ceilings on the thousands of commodities bought and sold in our markets. Even with only a few prices fixed it is very difficult to check evasion; with ceilings on many or all prices the task would be a most formidable one. No one knows that better than you. Already OPA is hard-pressed for competent personnel — yet OPA today is only a shadow of what it will have to be if price ceilings spread everywhere.
>
> But less widely recognized than these administrative difficulties is this fact—price fixing inevitably calls for rationing. If scarce goods are not to go to the man with the long purse, then who will get them? "First come, first serve" is not an equitable or a feasible procedure. The Government will have have to step in and tell us how much of each thing we shall have—how many rubber tires, how many wool suits, and so on. If incomes soar and prices are fixed, someone must decide who is to get goods for which there are many bidders. Rationing appears to be the only alternative to a haphazard scramble.

With regard to the other major method of combating inflation—adoption of an aggressive fiscal policy supplemented by monetary controls—Mr. Szymczak had the following to say:

> If, by taxes or some other means, enough of current income could be withdrawn each year to hold spending down to the level of goods available at existing prices, there would be no problem of general price rises. Theoretically such a procedure could make direct controls unnecessary, but practically, of course, resort must be had to both ways of approach to the problem.
>
> To the extent that the overall fiscal approach is adopted, the primary available steps are: 1. Taxes; 2. Borrowing of current savings, and 3. Monetary controls.
>
> There can be no doubt that increased taxes are one of the means necessary to ward off inflation. Almost all taxes bite directly into current income, and we must all be prepared for a very great increase in the tax burden. We must bear it cheerfully—not only because we are prepared to do our share, but also because we must realize that if we are not taxed directly we shall lose more and lose less rationally through a rise in prices.

Saying that taxes must be distributed on the equitable basis of ability to pay, Mr. Szymczak declare that the tax system must take into consideration timing and nature and must also be designed so as to prevent war profiteering. He continued:

> To the extent that the Government must borrow, the borrowing must be planned so as to derive the maximum possible portion of the funds from current income. If the borrowing reduces current spending from what it otherwise would have been, the result is as anti-inflationary as taxes. If the borrowing comes out of past savings or from newly expanded bank credit, it does not reduce current spending — on the contrary it increased "money in circulation" and feeds the fires

of inflation. Borrowing from the public is by no means necessarily a non-inflationary financing method. It is non-inflationary only when it draws current income or resources that would otherwise be used for civilian purposes.

Broadly speaking, the use of Defense Savings Bonds may help most to absorb current income, and we must all do our part by using a portion of our incomes to buy such bonds. No doubt thus far many bonds have been purchased from accumulated savings. This is better than if these bonds had been purchased by banks, but much less anti-inflationary than additional taxes. To the extent that borowing does not come out of current income, it cannot be relied upon to replace taxes as an inflation preventive. But to the extent that the Government must borrow rather than tax, borrowing from the public is still much better than selling bonds to the banks. The widespread plea "Buy Defense Savings Bonds" is one well worth heeding.

Explaining that a "carefully planned tax and borrowing policies could easily be offset to a considerable extent if people borrowed to replace the funds paid in taxes or lent to the Government," Mr. Szymczak stated that, therefore, monetary controls are an integral part of an aggressive fiscal policy. He added that Government regulation of consumer credit will be further restricted and that there should be more adequate control of bank reserves if monetary policy is fully to supplement fiscal policy.

CCC Conditions Of Cotton Sales Program

Commodity Credit Corporation stated on Jan. 13 that offers to purchase Government-owned stocks of 1934 and 1937 cotton under the program recently announced, will be accepted beginning Jan. 19. The price at which cotton may be purchased under the terms and conditions of the program, it is explained, will be 19 cents per pound for 15/16-inch middling cotton stored in the Group B mill area of the Carolinas. The price will vary for other locations in the same amount as the location differentials used in the "Cotton Sales for Export Program." The announcement further stated:

> Premiums and discounts for qualities other than 15/16-inch middling will be the higher of (1) those applicable under the 1941 cotton loan program or (2) the average of the 10 spot markets for staple lengths up to but not including 1 1/16-inch during the period from Dec. 15, 1941 through Jan. 3, 1942, or (3) the nearest designated spot market on Jan. 10, 1942.
>
> For staple lengths 1 1/16-inch and longer, the approximate average during the same period on the Memphis market will be used. A schedule showing the premiums and discounts based on the average of the 10 spot markets or the 1941 loan schedule, whichever is higher, may be obtained from Commodity Credit Corporation.
>
> All offers must be submitted by telegraph to Commodity Credit Corporation, New Orleans, La. The offers must identify the cotton by a description of the grade and staple and warehouse location. Consideration will be given the offers in the order received.
>
> Catalogs showing by warehouse locations the grade and the staple length of the 1934 and 1937 cotton offered for sale are available, upon request to the Corporation, New Orleans, La., at a price of $10. The 1934 catalog will be furnished without additional charge to persons who have previously purchased the 1937 catalog.

Retail Food Prices Continued To Advance Between Mid-November And Mid-December

Retail prices of most foods continued to rise between Nov. 13 and Dec. 16, but the rise was moderate in comparison with earlier months, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Jan. 15. Large seasonal declines for pork, eggs, and oranges, and lower prices for butter reduced the total cost of the family food bill sufficiently to offset these advances, and the Bureau of Labor Statistics' index of retail food costs remained at 113.1% of the 1935-39 average. Thus, the cost of the food market basket was 16% higher on the average than a year ago.

By the end of December, preliminary reports indicated additional moderate advances in prices of sugar, flour, navy beans, beef, and coffee, with further seasonal price declines for oranges and eggs, and lower butter prices, said the Bureau's announcement which added:

> Retail prices of oranges declined 22% between mid-November and mid-December. Both California navel and Florida oranges were late in arriving on the market this year, creating a scarcity in mid-November. By mid-December, supplies were available in much greater volume, with a consequent sharp price decline. Supplies of pork and eggs were also marketed in increasingly large quantities, and the decline of butter prices reflected an unusually large supply. The Department of Agriculture reports that supplies of butter on hand as of Jan. 1 are the largest that food dealers have ever reported on that date.
>
> Sugar prices, generally very sensitive to war conditions, advanced moderately. After the attack on Pearl Harbor there were some scattered reports of hoarding and runs on grocery stores similar to those of September, 1939. However, this situation has not been general, and where it has occurred, grocers have voluntarily limited purchases to 5 or 10 pounds per customer, particularly after the order of Dec. 13, which froze sugar stocks in the United States and limited supplies available to retailers at 1940 monthly levels.
>
> Advances in prices of milk and bread have been made during the current year in most of the cities covered by the Bureau of Labor Statistics' surveys. Between mid-November and mid-December, price increases for milk were reported in 7 cities. For bread, moderate declines occurred in 5 cities and slight advances in 7.
>
> Lard prices were higher in most cities on Dec. 16 than on Nov. 18, continuing the rapid rise which has prevailed during most of the year. The upward trend in prices also continued for canned tomatoes, navy beans, and cheese, as these commodities, together with lard, are being exported in considrable quantities.
>
> As compared with Dec. 3, 1940, prices of some of the more important fresh vegetables such as potatoes, cabbage, and onions, were more than 40% higher, reflecting somewhat smaller supplies and greater demand. Lard prices were up 65% above the relatively low level of the prvious year partly because of Government purchases under the Lend-Lease Act, and prices of shortening in cartons were 58% higher. Advances amounting to 30 to 40% over a year ago were reported for canned peaches, navy beans, and canned red salmon. Coffee prices were also up 30%, due largely to higher minimum price levels set under agreements with coffee producing countries, as well as to higher shipping costs. For flour and rice, prices were 19% higher, and for bread, 10% higher. Prices of cereals and bakery products other than bread, flour, and rice, were only slightly higher than a year ago.
>
> Changes at retail from Nov. 18 to Dec. 16 and since December, 1940 for the more important foods were as follows:

	December, 1941, compared with			December, 1941, compared with	
Item	Nov., 1941 (Percentage Change)	Dec., 1940 (Percentage Change)	Item	Nov., 1941 (Percentage Change)	Dec., 1940 (Percentage Change)
Oranges	—21.7	+ 7.5	Coffee	+ 1.1	+31.2
Eggs	— 5.5	+23.6	Evaporated milk	+ 1.1	+25.7
Pork chops	— 4.2	+29.7	Sugar	+ 1.3	+20.8
Butter	— 2.3	+ 1.2	Roasting chickens	+ 1.3	+ 7.4
White bread	0	+10.3	Flour	+ 1.4	+19.1
Milk, fresh (average)	+ .7	+14.3	Round steak	+ 2.0	+ 6.4
Cheese	+ .9	+29.7	Rib roast	+ 2.3	+ 2.6
Canned tomatoes	+ 1.0	+20.5	Potatoes	+ 2.3	+38.4

> The Bureau also reported that retail food costs advanced in 28 cities, declined in 22, and remained unchanged in one between Nov. 18 and Dec. 16. The largest increases were reported for Los Angeles (2.8%), Scranton (2.1%), Washington, D. C., (1.8%), and Baltimore (1.6%). Sharp advances in prices of fresh vegetables, and greater than average increases for beef were responsible for these higher costs. The largest decreases were for Providence (1.7%), Jacksonville (1.6%), Chicago and Cincinnati (1.4%). The drop in prices of fresh fruits and vegetables combined with the large seasonal decline for pork were responsible for the decreases.

Index numbers of food costs by commodity groups for the current period and for Nov. 18, 1941, Oct. 14, 1941, Dec. 17, 1940, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	Dec. 16, *1941	Nov. 18, 1941	Oct. 14, 1941	Dec. 17, 1940	Aug. 15, 1939
All Foods	113.1	113.1	111.6	97.3	93.5
Cereals and bakery products	102.5	102.2	102.2	94.8	93.4
Meats	111.1	110.4	112.9	97.4	95.7
Beef and veal	114.4	112.4	115.1	107.0	99.6
Pork	103.2	105.4	109.3	80.8	88.0
Lamb	108.1	107.4	110.8	94.1	98.8
Chickens	100.5	99.4	101.6	93.4	94.6
Fish, fresh and canned	138.9	135.9	131.5	114.1	99.6
Dairy products	120.6	120.9	119.9	107.4	93.1
Eggs	138.1	†146.1	137.3	111.7	90.7
Fruits and vegetables	110.5	†110.3	104.0	90.4	92.4
Fresh	111.0	†111.2	103.5	89.5	92.8
Canned	106.3	105.2	103.7	91.3	91.6
Dried	118.3	116.2	112.7	99.6	90.3
Beverages	114.1	112.9	111.0	90.3	94.9
Fats and oils	108.5	106.7	105.6	80.1	84.5
Sugar	114.4	112.9	112.5	94.7	95.6

*Preliminary. †Revised.

Moody's Daily Commodity Index

Tuesday, Jan. 13	221.9
Wednesday, Jan. 14	223.2
Thursday, Jan. 15	223.1
Friday, Jan. 16	223.3
Saturday, Jan. 17	223.3
Monday, Jan. 19	223.6
Tuesday, Jan. 20	223.9
Two weeks ago, Jan. 6	221.5
Month ago, Dec. 20	217.0
Year ago, Jan. 20	174.7
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—Jan. 20	223.9
Low—Jan. 2	220.0

Electric Output For Week Ended Jan. 17, 1942, Shows 14.5% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 17, 1942, was 3,450,468,000 kwh., which compares with 3,012,638,000 kwh. in the corresponding period in 1941, a gain of 14.5%. The output for the week ended Jan. 10, 1942, was estimated to be 3,472,579,000 kwh., an increase of 15.7% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended		
Major Geographic Divisions—	Jan. 17, '42	Jan. 10, '42	Jan. 3, '42
New England	16.4	18.1	16.9
Middle Atlantic	11.0	12.8	11.5
Central Industrial	12.9	14.5	13.7
West Central	14.3	14.4	13.8
Southern States	15.4	16.5	17.8
Rocky Mountain	15.8	13.9	16.2
Pacific Coast	23.0	22.7	24.5
Total United States	14.5	*15.7	15.6

*Revised.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	*1941	1940	% Change 1941 over 1940	1939	1938	1937
July 5	2,903,727	2,425,229	+19.7	2,145,033	1,937,486	2,139,281
July 12	3,178,054	2,651,626	+19.9	2,402,893	2,154,099	2,358,438
July 19	3,199,105	2,681,071	+19.3	2,377,902	2,152,779	2,321,531
July 26	3,220,526	2,760,935	+16.6	2,426,631	2,159,667	2,312,104
Aug. 2	3,263,082	2,762,240	+18.1	2,399,805	2,193,750	2,341,103
Aug. 9	3,233,242	2,743,284	+17.9	2,413,600	2,198,266	2,360,960
Aug. 16	3,238,160	2,745,697	+17.9	2,453,556	2,206,560	2,365,859
Aug. 23	3,230,750	2,714,193	+19.0	2,434,101	2,202,454	2,351,233
Aug. 30	3,261,149	2,736,224	+19.2	2,442,021	2,216,648	2,380,301
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3,322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3,273,375	2,769,346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3,313,596	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3,347,893	2,889,937	+15.8	2,587,113	2,325,273	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3,414,844	2,975,704	+14.8	2,654,395	2,376,541	2,234,135
Dec. 13	3,475,919	3,003,543	+15.7	2,694,194	2,390,388	2,241,972
Dec. 20	3,495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended	1942	1941	% Change 1942 over 1941	1940	1939	1938
Jan. 3	*3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	*3,472,579	3,002,454	+15.7	2,688,380	1,602,482	1,733,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201	1,736,729

*Revised.

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	14,756,951	12,474,727	+18.3	11,289,617	9,844,519	10,065,805
November	---------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for year		138,653,997		124,502,309	111,557,727	117,141,591

Post-War Program For U. S. Proposed

In a report, transmitted to Congress yesterday (Jan. 14) by President Roosevelt, the National Resources Planning Board outlined a nine-point program on planning for post-war America, which included the right to work and the right to security and a national 40-hour work week.

President Roosevelt said in his message of transmittal that "plans and programs to win the war and to win the peace must grow out of our common national purpose and with democratic participation in planning by all of us." He added:

> Through efforts to state our objects and public discussion of their merits, we play our part as free citizens.

The report called for maintaining the national income at $100,000,000 and warned that if the war lasts several years, the nation may experience a post-war boom in housing, automobile production and general consumers' goods. In that case, it said, there must be intelligent planning to prevent a later economic tailspin ending in depression.

On this point the report said:

> We have to make up our minds as a nation that we will not permit a post-war depression to overwhelm us. We do not have to take economic defeat after the military victory is won.
>
> We can, if we will, maintain business prosperity. We can sustain a continuing demand for goods. We can keep industry going at high levels. We can maintain substantially full employment.
>
> We can achieve a society in which every one capable of and willing to work can find an opportunity to earn a living, to make his contribution, to play his part as a citizen of a progressive, democratic country.

The program, implementing the "four freedoms," follows, according to the Associated Press:

1. The right to work, usefully and creatively through the productive years.
2. The right to fair play, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift and other socially valuable service.
3. The right to adequate food, clothing, shelter and medical care.
4. The right to security, with freedom from fear of old age, want, dependency, sickness, unemployment and accident.
5. The right to live in a system of free enterprise, free from compulsory labor, irresponsible private power, arbitrary public authority and unregulated monopolies.
6. The right to come and go, to speak or to be silent, free from the spyings of secret political police.
7. The right to equality before the law, with equal access to justice in fact.
8. The right to education, for work, for citizenship, and for personal growth and happiness.
9. The right to rest, recreation, and adventure; the opportunity to enjoy life and take part in an advancing civilization.

Reserve Banks Report On Business

Indications of the trend of business in the various Federal Reserve districts is reported in the following extracts which we give from the "Monthly Review" of the Federal Reserve Districts of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

First (Boston) District

The Federal Reserve Bank of Boston, in its "Monthly Review" of Jan. 1, reports that in New England the "level of general busines activity during November decreased slightly from the high volume which prevailed during September and October, after allowances had been made for customary seasonal changes, but was substantially higher than in November a year ago." The Bank's "Review" further states:

> Total revenue freight carloadings in New England were 107,890 during the four-week period ending Dec. 6, exceeding the total of 93,778 for the corresponding period last year by 15%.
>
> The sales volume of 116 department stores and apparel shops in New England during November was 12.2% larger than in November a year ago, with increases in each of the six New England States.
>
> Production of boots and shoes in New England during November is estimated to have been 9,926,000 pairs, a total of 28.5% smaller than was produced in October but exceeding November, 1940, by 6.1%.
>
> During November the amount of raw cotton consumed by mills in New England was 99,122 bales, as compared with 119,319 bales in October and 83,005 bales in November last year.

Second (New York) District

In its "Monthly Review" for Jan. 1 the Federal Reserve Bank of New York reports that data now available for December indicate further progress in armament production and continued curtailment of output in other industries using scarce materials. The Bank also states that during November this bank's monthly index of production and trade rose three points to 111% of estimated long term trend. This figure compares with 92 in July, 1940, at the start of the defense program, and with 86 in August, 1939, just prior to the outbreak of the European war. Each of the major segments of the index—production, primary distribution, and distribution to consumer—advanced during November.

Continuing, the Bank's summary says:

> In the case of production, divergent tendencies were again shown between the output of producers' durable goods and production of consumers' durable goods. Continued gains in the war industries accounted largely for the further advance in the index of production of producers' durable goods, which has mounted steadily since the spring of 1940, while consumers' durable goods lines were again adversely affected by limitations upon output and by material shortages. Production of nondurable goods, in both the producers' and consumers' categories, increased somewhat in November.
>
> Considering seasonal factors, retail trade recovered markedly in November, following the sharp recession that had characterized the two preceding months, but failed to regain the high level prevailing in August. Sales of department stores, mail order houses, and chain store systems, on a seasonally adjusted basis, showed definite gains between October and November. Retail sales of passenger cars are estimated to have run higher than in the previous month but substantially below the level of a year ago. Following the seasonal peak reached in October, railway freight traffic declined considerably less than usual in November and as a result the index of primary distribution rose three points.

	1940	1941		
Indexes of Production and Trade*— (100 = estimated long-term trend)	Nov.	Sept.	Oct.	Nov.
Index of production and trade	99	109	†108	†111
Production	101	115	†116	†118
Producers' goods—total	105	126	†128	†130
Producers' durable goods	104	135	†138	†140
Producers' non-durable goods	105	118	†118	†120
Consumers' goods—total	98	101	†103	†103
Consumers' durable goods	91	96	†95	†92
Consumers' non-durable goods	101	103	†105	†107
Durable goods—total	100	123	†125	†126
Non-durable goods—total	103	109	†111	†112
Primary distribution	92	103	†102	†105
Distribution to consumer	100	100	†94	†100
Miscellaneous services	93	102	†101	†104
Cost of living, Bureau of Labor Statistics— (100 = 1935-39 average)	100	108	109	110
Wage rates— (100 = 1926 average)	115	‡125	†126	
Velocity of Demand Deposits*— (100 = 1919-25 average)				
New York City	29	27	30	31
Outside New York City	61	59	59	66

*Adjusted for seasonal variation. †Preliminary. ‡Revised.

The indexes of production and trade have been recently revised, in some cases back to January, 1935, and in other cases back to January, 1940. Tabulations of the revised indexes are available upon request.

Third (Philadelphia) District

It is stated by the Federal Reserve Bank of Philadelphia, in its "Business Review" of Jan. 1, that "purchases for consumption have expanded to unusually high levels in the Third Federal Reserve District; production is being absorbed to an increasing extent by growing defense requirements; and prices generally are advancing." The Bank further reported:

> Actual and threatened shortages of raw materials and finished manufactured goods have stimulated accumulations of inventories in some lines and have restricted civilian buying in others. Industrial operations generally are at high levels; further expansion of facilities is in evidence, and employment and payrolls have been unusually well sustained for this period of the year. Freight shipments have been large for this season and productive and distributive activity generally is above a year ago.

Fourth (Cleveland) District

The Federal Reserve Bank of Cleveland indicates in its Dec. 31 "Monthly Business Review" that "for the year 1941 as a whole, business activity in the fourth district was at new high levels. From the summary we also quote:

> Total employment was the largest in history, and payrolls were up even more sharply, as a result of wage increases and overtime payments. Production of metals and metal products was the greatest ever reported, in part because of the urgency of defense preparations. Civilian goods output was extraordinarily large during the first three quarters of the year. The later curtailment reflected diversion of materials to armament manufacture, which broadened somewhat in scope as time passed. Consumer purchasing power increased considerably during the year, and much of it was spent on a wide variety of merchandise.

Fifth (Richmond) District

The Dec. 31 "Monthly Review" of the Richmond Federal Reserve Bank reports in part:

> Industries in the Fifth district continued to operate at virtual capacity last month. Cotton consumption in Virginia and the Carolinas exceeded November, 1940 consumption by 18%, rayon yarn shipments in the United States were up 11%, tobacco manufacturing ran well ahead of activity a year ago, and bituminous coal output gained 7%. Shipyards and aircraft plants continued on full time, and many scattered industries worked multiple shifts on various phases of defense work.

Sixth (Atlanta) District

The following regarding business conditions in the Sixth Federal Reserve District is from the Dec. 31 "Monthly Review" of the Federal Reserve Bank of Atlanta:

> In November Sixth District department store sales increased substantially, after declining in October, and continued well above a year ago. In the first half of December, although the effects of the outbreak of war were apparent in the smaller gain, sales nevertheless exceeded the record level of December last year. Wholesale trade declined seasonally in November, pig iron production was slightly lower, and construction contracts were awarded in a volume smaller than the record-breaking totals reported for August, September, and October. Textile activity increased in November to a new high rate.

Seventh (Chicago) District

In its Jan. 17 "Business Conditions" the Federal Reserve Bank of Chicago states that more men and women were employed in the Seventh Federal Reserve District during 1941 than ever before in history, exceeding the boom years of 1929 and 1937. Pushed upward by a combination of higher wage rates and more man-hours, payrolls rose to an all-time record, the Bank likewise says:

> Industrial production, lifted by Government spending for the giant defense program, spiraled upward, sweeping trade to record levels. Notwithstanding the dislocations caused by priorities, material shortages, and limitation programs, 1941 was a banner year for Seventh District trade, industry, and agriculture. Banks were able to meet the needs of customers and ended the year in excellent condition with increased earning assets, ample cash, and reserves in excess of legal requirements.

Eighth (St. Louis) District

The Federal Reserve Bank of St. Louis reports that during November and early December Eighth District industry and trade were maintained at about the high levels of recent months. In the Bank's Dec. 31 "Business Conditions" it is also stated:

> According to preliminary reports, November shoe production in the Eighth District is estimated at 26% below October. Sales of ordinary life insurance in Eighth District states in November were 10% less than in October and 14% above November, 1940. Revenue freight carloadings of railroads operating in the Eighth District during the four weeks ending Nov. 29 were 6% less and 15% greater, respectively, than in the similar periods a month and a year ago.

Ninth (Minneapolis) District

The Dec. 29 "Monthly Review" of the Federal Reserve Bank of Minneapolis has the following to report:

> Business volume for November exceeded October and reached an all-time high for the month. Deposits at both city and country member banks continued to expand to new record levels. Department store sales again increased. Farmers' cash income from important livestock and livestock products was 42% over November, 1940.

Tenth (Kansas City) District

The following regarding business conditions in the Tenth Federal Reserve District was reported in the Dec. 31 "Monthly Review" of the Kansas City Federal Reserve Bank:

> The wheat prospect in the western part of the belt is excellent.
>
> Cattle slaughter and the production of petroleum, zinc, and lead are in large volume. Output of flour and coal, after declining in November, again is rising. Construction is very large because of awards for defense projects; other building is being curtailed by priorities.
>
> Farm income is 25% and employment 11% higher than last year, but trade gains continue to narrow and inventories to rise.

Eleventh (Dallas) District

According to the Dallas Federal Reserve Bank, "the initial effects of the outbreak of war upon business and industrial activity in the Eleventh District included an acceleration of activity at plants producing war materials and a temporary curtailment of consumer purchases at retail outlets." In its Jan. 1 "Monthly Business Review," the Bank also reports:

> Total freight-car loadings evidenced a counter-to-seasonal gain in November as compared with the preceding month. Building activity in this district, as measured by the value of construction contracts awarded, declined sharply in November, but remained at a much higher level than in the corresponding month a year earlier. Daily average petroleum production increased substantially and operations at refineries in this district were maintained near the peak established last September. The output of lumber was well sustained in November, whereas, shipments declined seasonally.

Twelfth (San Francisco) District

The Federal Reserve Bank of San Francisco, in its "Business Conditions" report for Dec. 29, says that "in the Twelth District, further expansion of industrial production under the stimulus of war will be reflected primarily in intensified efforts to increase the flow of those products already dominant in defense production in the area: ships, planes, and nonferrous metals." The report goes on to say:

> In November continued expansion of defense activity more than compensated for reductions in some less essential lines and Twelfth District employment and payrolls continued to rise.
>
> The value of non-residential construction initiated in November increased sharply over that of recent months, in large measure owing to a $91,000,000 contract for iron and steel making facilities. Private residential building, excluding an $8,000,000 life insurance company housing project in San Francisco, continued to decline from the mid-summer peak.
>
> The decline in department store sales of the preceding two months was halted in November. Sales rose moderately and the increase continued through the first week of December, but was checked abruptly upon the outbreak of hostilities. Sales recovered somewhat in the week ending Dec. 20, but were up only 1% over a year ago.

NASD Membership Maintained in 1941

Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, reported to the governors of that organization at its annual meeting in New York City on Jan. 15, that membership declined slightly to 2,883 firms during 1941, from 2,899 a year earlier.

Mr. Fulton's report also covered a year of increased activity by the Association in policing of its membership.

The NASD was organized under Federal law by securities dealers to promote high standards of business conduct throughout the industry and to provide members with an instrument of self-regulation.

Approximately one-third of the membership was examined by the Association last year, Mr. Fulton reported. As a result of those examinations, NASD filed complaints against 120 of its members. By the end of the year, 75 cases had been disposed of as follows: 26 expulsions from the association, 6 suspensions for as long as one year, 29 fines ranging up to $1,500, 32 censures of members for practices which resulted in complaints. In some cases, fines and censures were coupled.

Commenting on these figures, Mr. Fulton said in his report:

> Consider that this Association has approximately 2,900 members and reflected that nearly 1,000 have been reached by our examining processes to date. Is there not cause for satisfaction that, in view of these facts, the association found cause in 1941 to file complaints against only 120 of the large number examined? We have talked about the "fringe," but we have not always been certain how wide an area it embraced. We know now that it is not large and beyond our surveillance.
>
> The relationship of complaints to members examined does not mean that this proportion of the membership engaged in serious abuses of the principles of this business and the rules of the association. As a matter of fact, not more than 5 or 6% of the complaints involved violations of a seriously objectionable nature.

Mr. Fulton added that the Association will continue to police its members and is capable of so doing.

U. S. And Mexico Form Joint Defense Board

The creation of a joint United States-Mexican Defense Commission, to study problems of defense of the two countries, was announced on Jan. 12 by the State Department. In a formal announcement the State Department said that the Commission had been set up under the agreement reached by military representatives of the Mexican government in Washington and United States officials last spring. It is expected that the Commission would function in a capacity similar to the American-Canadian Joint Defense Board set up in 1940.

The State Department said the Commission will consist of Brig. Gen. Miguel S. Gonzales Cadena and Brig. Gen. Tomas Sanchez Hernandez for Mexico, and Vice-Admiral Alfred Wilkinson Johnson and Maj. Gen. Stanley Dunbar Embick for the United States.

Quotation Co. Elects

The New York Quotation Company, a subsidiary of the New York Stock Exchange, has elected Howland S. Davis and Charles Klem to the Board of Directors, and re-elected as Directors Emil Schram; Robert L. Stott, John A. Coleman and Eugene Lokey.

Slight Decrease In Active Cotton Spindles In December

The Bureau of the Census announced on Jan. 20 that according to preliminary figures 24,146,130 cotton spinning spindles were in place in the United States on Dec. 31, 1941, of which 23,063,112 were operated at some time during the month, compared with 23,069,146 for November, 23,043,310 for October, 22,963,944 for September, 23,029,066 for August, 23,028,082 for July, and 22,799,060 for December, 1940. The aggregate number of active spindle hours reported for the month was 10,539,876,175. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during December, 1941 at 124.0% capacity. This percentage compares, on the same basis, with 129.4 for November, 125.8 for October, 123.7 for September, 125.3 for August, 123.0 for July, and 105.2 for December, 1940. The average number of active spindle hours per spindle in place for the month was 437. The total number of cotton spinning spindles in place, the number active, the number of active spindle hours, and the average hours per spindle in place by States, are shown in the following statement:

	Spinning Spindles		Active Spindle Hrs. for Dec.	
State—	In place Dec. 31	Active during December	Total	Average per spindle in place
United States	24,146,130	23,063,112	10,539,876,175	437
Cotton Growing States	17,937,744	17,404,194	8,327,010,223	464
New England States	5,493,606	5,009,228	1,976,083,053	360
All other States	714,780	649,690	236,782,899	331
Alabama	1,814,724	1,789,248	885,162,266	488
Connecticut	522,840	491,564	171,314,030	328
Georgia	3,165,446	3,034,310	1,468,620,877	464
Maine	645,684	599,238	263,245,009	408
Massachusetts	3,119,194	2,806,486	1,067,224,593	342
Mississippi	153,408	133,824	65,839,552	429
New Hampshire	277,840	262,480	127,462,771	459
New York	328,540	296,914	114,735,917	349
North Carolina	5,792,966	5,634,146	2,518,275,856	435
Rhode Island	893.488	815,188	329,563,562	369
South Carolina	5,382.576	5,276,784	2,682,708,769	498
Tennessee	553,096	542,648	278,762,063	504
Texas	242,322	228,846	107,632,528	444
Virginia	636.596	598,816	260,296,734	409
All other States	617,410	552,620	199,031,648	322

1941 Construction Greatest In 13 Years

For the first time since 1928, building and engineering contracts awarded last year in the 37 eastern states topped the six-billion dollar mark. The 1941 total for those states, as compiled by F. W. Dodge Corporation from its daily field reports, and issued Jan. 22, was $6,007,474,000, compared with $4,003,957,000 in 1940, the previous record year of the post-depression period.

The most spectacular increase took place in the building of new manufacturing plant capacity, for which contracts in 1941 reached the record-breaking total of $1,181,523,000, a figure that excludes all processing machinery. This was more than two and a half times the 1940 volume of $442,424,000, and exceeded greatly the previous record year 1920, which had, at much higher cost levels than are currently prevalent, a total of $635,138,000. This increase in manufacturing buildings, coupled with a 48% increase in commercial building and with a very moderate increase in public and institutional buildings, produced a 1941 non-residential building total of $2,315,671,000, which was 79% more than the corresponding 1940 figure.

Residential building contracts last year reached a total of $1,953,801,000, largest since 1928, and 22% greater than the 1940 figure. Single-family houses increased 37% in number and 33% in total cost over 1940; two-family houses doubled in number and total cost; multiple dwellings slipped backward to the extent of a 29% decrease in dollar volume and a 24% decrease in new family units, as compared with the previous year. Heavy engineering contracts (public works and utilities) reached a total of $1,738,002,000 compared with $1,112,373,000 in 1940.

Commenting on the 1941 construction record, Thomas S. Holden, President of F. W. Dodge Corp. states: "This post-depression record volume was compounded of a large defense construction program and, up to last September, a rapidly mounting volume of public and private non-defense construction. According to government estimates about 40% of the total 1941 construction program was for defense construction. The 1942 program is presently estimated to equal in total dollar volume that of 1941, with a vastly increased war construction program, volume of civilian construction curtailed to absolute essentials and an approximately normal volume of maintenance and repairs. Seventy-five to 80% of this year's total volume will be war construction, quite widely distributed throughout the country. Being thus called upon to produce greatly expanded facilities for Army, Navy, Air Force, war production and war housing, construction becomes in 1942 one of the country's leading war industries. During recent months, successive priority rulings and orders curtailing non-defense construction have channeled the industry's capacity into its war job and prepared it to meet the task assigned to it."

Lend-Lease Agricultural Products To U. K. Over 2,650,000,000 Pounds

Agricultural commodities delivered to the British Government for Lend-Lease shipment totaled more than 2,650,000,000 pounds up to Dec. 1, 1941, the Department of Agriculture said on Jan. 18. Total cost of these commodities, delivered at shipping points since operations started last April, was about $300,000,000.

Deliveries for shipment during November, as reported by Roy F. Hendrickson, Administrator of Agricultural Marketing, amounted to 450,000,000 pounds of food and other farm products, costing more than $50,000,000.

"War in the Pacific has not changed our basic program for agricultural commodity Lend-Lease operations," said Mr. Hendrickson, "We are continuing heavy purchases to make available the vital supply of food for England and Russia. We are also buying food and feed supplies to meet the needs of our territories under separate congressional authority."

Animal proteins—dairy, poultry and meat products—were largest by volume and value in the November shipments to England, as they had been in previous months. A long list of canned and dried fruits and vegetables, cereal products, and other foodstuffs, as well as some non-food agricultural commodities, made up the rest of the shipments.

Canadian Business Index Is Down In December

The Canadian Bank of Commerce, Toronto, index of Canadian industrial activity declined between mid-November and mid-December from 165 to 161 (1937 equals 100), while the percentage of current factory capacity utilized fell from 117 to 115, it was announced on Jan. 12 by A. E. Arscott, General Manager of the Bank. The decline in December, Mr. Arscott said, was partly seasonal, as in the case of foodstuffs and clothing, but can also be partly accounted for by the contraction of supplies for civilian consumption, especially in the automotive, iron and steel and electrical trades. The increase in the output of war supplies, he added, can hardly yet have reached a point to counterbalance both the seasonal and the incipient wartime decline in civilian goods. As it is, the December index was 22% higher than the year before. Mr. Arscott's announcement goes on to explain:

> With the exception of meats and some prepared cereals, which rose slightly in volume, all categories of foodstuffs show either a lower or a steady output. Knitted goods rose slightly, but all other articles of and materials for clothing fell, especially in the case of factory garments. Paper bags and boxes and miscellaneous paper products rose but newsprint fell, thereby slightly reducing the activity of the pulp and paper paper group as a whole. The decline in the wood products group was mainly caused by the seasonal closing of some sawmills.
>
> The automotive group as a whole rose owing to the increase in armoured vehicles, but an indication of a small civilian supply can be seen in the decline in automobile supplies. As already stated, a fall in the output of civilian goods is recorded in the iron and steel and the non-ferrous metal groups (mainly electrical supplies and equipment).

The Canadian wage payroll for November was 186 (1937 equals 100) compared with 189 for October and 145 for November, 1940. The decline this November was due to fewer working days together with a cessation of wage increases. The index is still, however, 28% higher than the year before.

The index of farm purchasing power for the twelve months ending September, 1941, was 91 (1926 equals 100) compared with 86 for that ending September, 1940; farm income was 81 compared with 70.5 but this advantage was partly offset by a rise in farm costs from 82 to 89.5, the largest single factor in which was a higher farm wage scale.

Farm income for the three months ending September was only slightly higher than for the corresponding period of 1940.

Farm Product Prices To Average 25% Above 1941

In 1942 prices received by farmers for farm products are expected to hold around parity, averaging neither greatly above nor greatly below that point, the U. S. Department of Agriculture reported on Jan. 16. In other words, prices received in relation to prices paid, interest, and taxes, are expected to average about the same as at the end of 1941, when the ratio was at 99% of parity. The Department's announcement further reports on the farm outlook for this year as follows:

> In compliance with Agriculture's wartime production goals, total output of farm products is expected to be the largest on record. However, despite the record supplies expected, prices are likely to rise, partly because of record high consumer incomes, partly because the demands of consumers will focus sharply on food as the output of civilian manufactured goods declines, and partly because of continued Government purchases for lend-lease shipment. Under the influence of these factors, farm product prices are expected to average about 25% above 1941.

The result of higher prices for a larger output probably will be an increase of at least $2,000,000,000 in farm income this year as compared with 1941, when income was estimated at $11,600,000. At the same time, costs that farmers must pay out for goods and services are expected to rise, offsetting in part the estimated increase in income.

The national income probably will be at least $10,000,000,000 greater in 1942 than in 1941. Incomes of industrial workers will be over 15% greater than in 1941, and nearly double what they were at the beginning of the war. But increased taxes applying to individuals may hold the net increase in the money purchasing power of consumers in 1942 over the average for 1941 to not much more than 5%. Increased sales of defense bonds to the public may make the gain even smaller than this and the net result of increased money incomes, taxes, and defense bond purchases may leave the money income of consumers available for purchase of commodities and services no higher in 1942 than the present level. For some groups it will be even less than in 1941. Increased war production, however, will substantially reduce the quantity of factory products remaining for civilian use, probably to less than the quantity in 1940, so that consumer income in relation to available supplies of goods will be increased. This should add to the consumer demand for farm products in 1942 compared with 1941.

Increased Government purchases of farm products for shipment to our allies and for other purposes and the substitution of domestic farm products for some formerly imported, also will add to the demand for agricultural commodities. The net effect of the prospective changes in these conditions should be a substantial increase in the over-all demand for farm products in 1942 over the 1941 average, although the increase from present levels may not be great. The general level of all commodity prices also is expected to be substantially higher in 1942 than the average for 1941, with the rise in wholesale prices of agricultural products likely to be somewhat greater than the increase in prices of industrial commodities.

Pa. Factory Employment Sustained In December; Delaware Slightly Up

Employment in Pennsylvania factories in December continued at the November peak of over 1,150,000 workers, but wage disbursements increased 3% to a new high of about $37,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,879 establishments. Working time expanded 2% in December. Increases over a year ago amounted to 15% in employment, 36% in payrolls, and 23% in the total number of employee-hours worked. The number employed in Pennsylvania manufacturing plants during 1941 averaged 1,100,000, or 18% more than in the preceding year; the volume of wage disbursements approximated $32,800,000 a week, an increase of 41%. Under date of Jan. 17, the Reserve Bank further reported:

> Activity in December measured up to or exceeded seasonal expectations in all major lines except leather, where wage payments at shoe factories showed less than the usual increase. The greatest expansion in the month and over the past year has been in the heavy industries. Compared with 1940, the greatest gains were at plants turning out transportation equipment, forgings and castings, manufactured steel products, and brass and bronze. In consumers' goods lines the most pronounced increases over a year ago were at woolen and worsted mills, canning factories, and establishments manufacturing drugs and chemical products.

Average hourly earnings of factory workers in Pennsylvania increased in December to a new peak of 85 cents, or 11 cents an hour above the rate prevailing a year earlier. The number of hours worked per week expanded to 41.4 from 40.7 in November, and average weekly earnings advanced nearly $1.00 to $34.79, the highest in records back to 1923.

Employment at reporting Delaware factories increased less than 1% from November to December, but payrolls rose 6% and working time showed a gain of 4%. The sharpest expansion in activity was at plants turning out transportation equipment. The number employed during 1941 averaged 27% more than in 1940 and wage payments were nearly 53% greater.

Fed. Old-Age Insurance Coverage Up 5,000,000

At the end of 1941, the Federal old-age insurance records showed the crediting of wages during the year to approximately 40,000,000 employees or some 5,000,000 more than the number who received taxable wages in 1940, Federal Security Administrator Paul V. McNutt announced on Jan. 19. The taxable wages paid to these 40,000,000 workers amounted to about $41,000,000,000, nearly 25% more than the amount paid in 1940.

"This increase in the number of employees and wages paid," said Mr. McNutt, "shows the effect of the assignment of contracts for war materials and the resulting shift to defense production as the war program got well under way."

A summary of a survey by the Social Security Board's Bureau of Old-Age and Survivors Insurance, submitted to Mr. McNutt, shows that the effect of the defense program on covered employment and taxable wages was already apparent during the latter part of 1940. An estimated total of 35,000,000 persons worked in covered jobs during some part or all of 1940. This figure was 1,900,000 higher than the corresponding total for 1939. The total taxable wages credited to the old-age and survivors insurance accounts of these 1940 workers was estimated at $32,900,000,000.

"As was to be expected," the Administrator added, "the effect of the assignment of defense contracts in 1940 showed up particularly in the increased employment and wages reported for the last quarter of the year. The total number of workers in covered jobs during those 3 months was about 1,500,000 more than the number employed during July-September of 1940. The number of workers in covered jobs had been increasing for some time, but the gain from one quarter to another had never been as great as this."

The Bureau's survey shows that the average taxable wage per covered worker for 1940 was $940. This was nearly 7% higher than the average of $882 for 1939 and more than 5% higher than the average of $893 for 1937. From the average of $840 for 1938, a year of business recession, the increase to 1940 was $100 per worker, or more than 10%.

Petroleum And Its Products

The nation's petroleum companies were called upon to increase their use of railroad tank cars for movement of petroleum products from producing fields to both coasts this week, Ralph K. Davies, Deputy Petroleum Coordinator, making his request in Washington against a background of Naval announcements of further sinkings of American and United Nation tankers off the East Coast of the United States.

Three tankers, with many lives lost, was the toll enacted by enemy submarines operating off the Atlantic Seaboard during the past week with a fourth escaping both the shells and torpedoes of the attacking wolf of the sea to make port safely although with crew casualties. In making his request, Mr. Davies said "Tankers have been sunk on both coasts. Others have had to be assigned to military service. Ocean hauls are now complicated by obvious hazards. This means that overland movement has became more important than ever."

The Summer "shortage" on the East Coast last year saw the installation of additional loading and unloading racks to handle the increased volume of oil coming to Eastern refineries by railroad tank car and these expanded facilities will make it comparatively simple to increase rail movements of crude at the present time. With tanker movements hampered, movements by rail, although increasing transportation costs, will be ample for current needs, it is felt. Stocks of fuel oils and gasoline are at adequate working levels along the Atlantic Seaboard currently.

The Office of the Petroleum Coordinator also acted during the week to provide against any shortage of crude or refined petroleum in Oregon or Washington which might develop from coastwise tankers being diverted to war service. It will be remembered that the West Coast was the first area of submarine attack on the American mainland, which also held down tanker operations there. The recommendation issued by Petroleum Coordinator Ickes, approved by the Department of Justice, allows Northwest industry subcommittees to "carry into effect the sale, exchange or loan of petroleum products among marketers" where necessary to meet needs of military forces, of war industries and all civilian requirements."

The Petroleum Coordinator's office also issued ratings provided for in preference order P-98, announced previously by the Office of Production Management, governing materials for repair, maintenance and operating requirements of the approximate half-million operators in the oil industry. Mr. Davies said that, with certain exceptions, preference order P-98 follows, in general, the form worked out by the Office of Production Management in granting blanket priority ratings under preference order P-100. Both operators and suppliers are covered in the new order.

The Office of Production Management acted this week to tighten its control of the petroleum industry, issuing orders banning of drilling or natural gas wells unless there has been a consolidation of all separate property interests within a 40-acre area surrounding the operation. The OPM also announced two related regulations, the first broadening assistance to the industry in obtaining materials and the second curbs on marketing materials and construction similar to those already governing the petroleum industry itself.

Unless prices of petroleum and petroleum products are kept at or below the "informal" ceilings requested by the Office of Price Administration, action to put formal ceilings into effect will be taken, it was disclosed this week in Washington by Leon Henderson, OPA Administrator. Mr. Henderson sent producers, refiners and other factors in the petroleum industry a lengthy letter explaining its requests for price stabilization. The OPA already had "requested" the industry not to advance crude oil prices above the Oct. 1 level, or prices of petroleum products above the Nov. 7 levels.

Organizaiton of a national conference of petroleum regulatory agencies to provide "for the fullest cooperation between the Federal Government and the oil-producing States in the work of petroleum coordination" was announced last week-end in Washington by Petroleum Coordinator Ickes. The conference will include members representing the Interstate Oil Compact Commission as well as those oil-producing States having official agencies handling production of oil and gas. One of the main problems before the new group will be that of expanding production of high grade crude needed for high test aviation gasoline.

Another new petroleum group sprang into life in Washington this week under the sponsorship of Vice-President Wallace, who announced the creation of a special committee of oil company representatives "to maintain adequate petroleum supplies for our armed forces and those of our Allies." The group, known as the Foreign Petroleum Operating Board, will provide a central clearing house for foreign oil problems. The Board held a preliminary meeting shortly after its organization with representatives of the major American and foreign oil companies engaged in overseas business.

Acting in an effort to stimulate new oil exploration and production, which has been hampered, according to many oilmen, by the ceiling on crude oil prices, the Texas Railroad Commission has provided for sharply higher allowables for new wells, effective Feb. 1. Formerly, wells less than 1,000 feet were allowed 15 barrels daily for four months, and those 1,000 to 2,000 feet deep were allowed 30 barrels. The period was lifted to six months for all wells, and the first bracket raised to 40 barrels, the second to 80 barrels. The scale of permissive yields for deeper wells was increased proportionately.

Curtailed output in Texas was the major factor in a slump of 208,220 barrels in the nation's daily average flow of crude oil during the week ended Jan. 17, the "Oil & Gas Journal" reported Tuesday. The drop in the Lone Star State of 212,300 barrels pared the flow there to 1,501,800 barrels. States reporting higher production totals included Kansas, Oklahoma and Michigan.

Dismissal of one major defendant—the Barnsdall Oil Co.—and 47 minor defendants from the anti-trust suit against the major part of the petroleum industry by the Department of Justice a short time ago was disclosed in the nation's capital this week. The American Petroleum Institute, 21 major companies and more than 300 subsidiary and affiliated companies remain in the case. The suit was filed last September after a delay of several months while the National Defense Advisory Board studied its possible effect upon the defense program.

The Office of the Petroleum Coordinator on Tuesday recommended the construction of two Government-owned plants for the manufacture of 100-octane aviation gasoline to the Defense Plant Corp. The plants would be operated by the Pure Oil Co. of Chicago and the Southport Petroleum Co. of Kilgore, Texas, for the Government. Mr. Ickes' office refused to disclose where the plants would be built or what the construction cost would total.

In making the recommendation, the PCO said "wherever possible, private capital should do the job but time is so precious, and the need for aviation gasoline so great, that some Government construction is imperative." Defense Supplies Corp. contracted to purchase all of the high test aviation gasoline produced by Standard Oil Co. of New Jersey, Magnolia Petroleum Co., Texas Co. (at three refineries), and 1,300 barrels daily from Cities Service Corp.

There were no crude oil price changes posted this week.

Prices of Typical Crude per Barrel At Wells
(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.2

The strong basic condition of the nation's gasoline markets, which would have meant higher prices were it not for Government control, is reflected in sustained steadiness in direct contrast to the normal easing off in prices which develops at this time of the year. Even the placing of tires under Federal rationing control has not brought any weakness in gasoline prices although time may alter this.

The average net dealer price for motor fuel in 50 major cities throughout the country on Jan. 1 was 9.98 cents a gallon, 1.44 cents better than at the outset of 1941 and only .06-cent lower than a month earlier. The American Petroleum Institute report also showed that consumers paid 19.91 cents a gallon at the turn of the year, against 18.07 cents a year earlier and 19.99 cents on Dec. 1, 1941.

The letter discussing crude and refined products prices, sent throughout the industry this week by the Office of Price Administration, served notice on retail dealers in all grades of gasoline that their prices must remain at or below the level ruling last Nov. 7 or a formal price ceiling will be imposed. While gasoline sold through retail outlets was not formally included in the list of affected products, the OPA said: "It must be understood, however, that these prices remain substantially at or below Nov. 7 levels."

Leon Henderson, OPA head, announced during the week that readjustment of gasoline prices in Madison, Sauk City, Sun Prairie and Lodi, Wis., had been approved in order that advances from depressed prices which resulted from unusual competitive marketing conditions might be made. The order of approval came after an OPA investigation of the situation there disclosed that bitter competitive marketing conditions in these areas had sent Nov. 7 prices down to the point where some jobbers were forced to sell at actual losses on that date.

The submarine attacks upon coastwise shipping on the Atlantic Seaboard which saw several tankers torpedoed and sunk had their effect upon bunker fuel oil markets along the East Coast. The Gulf Coast market is tight, with demand running heavy from both domestic and foreign buyers, but the tanker situation has caused some backing up of storage pending rearrangement of shipping movements. East Coast oil men have to worry about two factors: first, keeping sufficient stocks on hand and, second, keeping inventories within storage limits.

Price changes in the refined field were limited to OPA-approved upward readjustment of prices in several Wisconsin cities, covered above.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac.	$.085
Tide Water Oil	.09
Texas	.085
y Shell Eastern	.085
Other Cities—	
Chicago	.06-.06¾
Gulf Coast	.06-.06
Oklahoma	.06-.06¾

y Super.

Kerosene, 41-43 Water White, Tank Car F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.052
Philadelphia	.052
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅝-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) unker C.	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C.	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28,30 D	.053
Tulsa	.03⅝

There were no crude oil price changes posted during the week.

President Asks Change Re Private Claims, Bridge Authorizations

President Roosevelt suggested to Congress in a special message on Jan. 14 a simplification of procedure for handling private claim bills and legislation governing the construction of bridges over navigable waters. In an effort "to save motion in the conduct of the Government," the President proposed that the executive departments and independent establishments be authorized to adjust and determine tort claims up to $1,000, with review by the Attorney General of awards over $500, and that the United States District Courts be given jurisdiction over claims of this nature up to $7,500, with a right of appeal to the Court of Claims. Mr. Roosevelt questioned the wisdom of the present procedure in enacting private claim bills, pointing out that more than 2,000 are introduced to each Congress of which less than 20% become law, and that it costs almost $200 to pass a single bill, which amount sometimes exceeds the payment involved. He added that executive departments and agencies now are authorized to settle claims up to $1,000 for property loss or damage and in a few instances claims for personal injury up to $500.

With regard to the bridge legislation the President suggested that, in order to save time and money, Congress consider passing an enabling act delegating to the Secretary of War the responsibility for authorizing the construction and maintenance of bridges over navigable waters in accordance with such general policy as Congress might prescribe. He pointed out that the War Department already is responsible for approving such bridge enterprises after Congress authorizes them and that the passage of each bridge act "costs the taxpayers several hundred dollars and consumes a large amount of time in the Congress, in the War Department and at the White House."

In the opening part of his message the President declared:

> In these critical days of our national defense effort, I feel there should be a joint endeavor on the part of the Congress and of the heads of the executive branch of the government to divest our minds as far as possible of matters of lesser importance which consume considerable time and effort. We should grant the responsibility for handling such matters to those equipped with year-round facilities and time to dispose of them.

Treasury Reports More Alien-Owned Materials

The Treasury Department turned over to the Supply Priorities and Allocation Board on Jan. 15 a second inventory of foreign-owned materials and equipment available in the United States to supplement the $200,000,000 list released Jan. 2, bringing the total inventory amount to almost $400,000,000, much of which is needed for war production.

"When the final figures on this census become available, the Division of Foreign Funds Control of the Treasury Department will have placed at the disposal of the War Production Board a list of foreign-held materials and equipment valued at more than $700,000,000," Secretary Morgenthau said.

This large sum will represent the value of all foreign-held materials and equipment in the United States which the Treasury believes will be of value to the nation in its defense program. Millions of dollars worth of vital defense materials which might other wise have rusted or rotted in warehouses from coast to coast will be placed at the disposal of American manufacturers, it is said.

"These materials, except for the Treasury Department's census, might never have been made available to the nation's war effort," the Secretary said. "Much of this property was simply sitting around in warehouses, unnoticed by the owner or the warehouseman. Its significance to the defense effort was not appreciated."

The vast sum includes not only materials of war, but also strategic materials for use in the nation's domestic economy which is now more than ever feeling the inroads of war industry. The materials include not only those which war manufacturers are now seeking but also foreign-held materials which may alleviate civilian shortages in the coming months of war.

The first inventory was referred to in these columns of Jan. 15, page 228.

Banks Liable Honoring Forged Checks Against Customer's Account

The New York State Court of Appeals ruled on Jan. 15 that a bank becomes legally liable when it honors forged endorsements on checks against a depositor's account. The Court reversed, 3 to 2, an Appellate Division decision authorizing the National City Bank and the Bankers Trust Co., both of New York City, to recover $6,740 from the Fitzgibbons Boiler Co., also of New York. In reporting the decision, Associated Press Albany advices of Jan. 15 said:

> The company contended the banks were negligent in cashing 11 checks totaling that sum during January and February, 1937, on the illegal endorsement of a company employe.
>
> Writing the majority opinion, Justice Edward R. Finch said "there is no duty upon a depositor to ascertain whether endorsements are genuine or forged.
>
> "The drawer is not presumed to know and in fact seldom does know the signature of the payee. The bank must, at its own peril, determine that question."
>
> Chief Judge Irving Lehman, in a dissenting opinion, in which Justice Charles S. Desmond concurred, said "if the plaintiff (the boiler company) had used better methods of bookkeeping and exercised greater vigilance * * * the dishonesty * * * would have been discovered and he could not have obtained the checks."